

1 SENATE BILL NO. 10

2 INTRODUCED BY D. GRIMES

3 BY REQUEST OF THE CODE COMMISSIONER

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE MONTANA CODE
6 ANNOTATED; DIRECTING THE CODE COMMISSIONER TO CORRECT ERRONEOUS REFERENCES
7 CONTAINED IN MATERIAL ENACTED BY THE 58TH LEGISLATURE; AMENDING SECTIONS 1-11-102,
8 2-2-106, 2-7-501, 2-15-114, 2-17-512, 3-2-605, 3-10-207, 3-20-103, 5-5-227, 7-1-202, 7-4-2502, 7-6-611,
9 7-6-612, 7-14-112, 7-15-4283, 7-15-4288, 7-32-2128, 13-35-226, 15-6-138, 15-7-102, 15-7-307, 15-23-703,
10 15-30-106, 15-30-111, 15-30-121, 15-30-136, 15-30-201, 15-30-301, 15-31-102, 15-31-114, 15-31-150,
11 15-31-404, 15-31-405, 15-32-405, 15-36-324, 15-50-205, 15-50-206, 15-70-201, 15-72-102, 16-11-101,
12 17-4-106, 17-5-703, 17-5-1102, 17-5-1103, 17-5-1111, 17-7-140, 19-1-102, 19-2-303, 19-2-405, 19-2-408,
13 19-3-2117, 19-5-902, 19-6-711, 19-9-1013, 19-9-1204, 19-13-1011, 19-20-101, 19-21-203, 19-21-214,
14 19-50-102, 19-50-103, 20-9-344, 20-10-205, 20-25-301, 20-25-427, 23-1-105, 23-2-809, 25-13-402, 27-1-732,
15 31-1-704, 31-2-106, 33-20-1317, 37-7-602, 37-24-104, 37-24-303, 39-10-204, 39-51-2501, 40-5-906, 40-5-909,
16 41-3-439, 41-5-103, 41-5-215, 41-5-216, 42-10-101, 45-5-503, 45-5-603, 45-9-101, 45-9-102, 45-9-103,
17 45-9-110, 45-10-107, 46-18-242, 46-23-1004, 46-24-211, 50-2-111, 50-4-502, 50-4-504, 50-4-505, 50-5-101,
18 50-5-301, 50-60-313, 52-1-103, 53-2-103, 53-3-115, 53-4-221, 53-4-222, 53-4-232, 53-4-601, 53-4-609,
19 53-18-101, 53-21-186, 53-30-403, 61-3-103, 61-3-570, 61-3-736, 61-8-906, 69-8-104, 69-8-501, 70-24-436,
20 72-16-607, 75-11-302, 75-20-301, 76-6-109, 77-6-114, 80-7-814, 80-8-120, 81-6-105, 85-20-1004, 85-20-1005,
21 85-20-1007, 87-1-209, 87-1-221, 90-6-127, AND 90-6-715, MCA, SECTION 17, CHAPTER 414, LAWS OF
22 2001, AND SECTION 5, CHAPTER 522, LAWS OF 2001; AND REPEALING SECTIONS 5-18-107, 46-23-1033,
23 50-4-312, AND 53-2-303, MCA."

24

25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

26

27 **Section 1.** Section 1-11-102, MCA, is amended to read:

28 **"1-11-102. Name -- citation -- correct form.** (1) The recodified laws ~~shall be~~ are known as the
29 "Montana Code Annotated" and may be cited as "MCA".

30 (2) An example of the correct citation form for a section of the Montana Code Annotated is "1-11-102,

1 MCA."

2

3 **Section 2.** Section 2-2-106, MCA, is amended to read:

4 **"2-2-106. Disclosure.** (1) (a) Prior to December 15 of each even-numbered year, each elected official
5 or department director shall file with the commissioner of political practices a business disclosure statement on
6 a form provided by the commissioner. An individual filing pursuant to subsection (1)(b) or (1)(c) is not required
7 to file under this subsection (1)(a) during the same period.

8 (b) Each candidate for a statewide or a state office elected from a district shall, within 5 days of the time
9 that the candidate files for office, file a business disclosure statement with the commissioner of political practices
10 on a form provided by the commissioner.

11 (c) An individual appointed to office who would be required to file under subsection (1)(a) or (1)(b) is
12 required to file the business disclosure statement at the earlier of the time of submission of the person's name
13 for confirmation or the assumption of the office.

14 (2) The statement must provide the following information:

15 (a) the name, address, and type of business of the individual;

16 (b) each present or past employing entity from which benefits, including retirement benefits, are
17 currently received by the individual;

18 (c) each business, firm, corporation, partnership, and other business or professional entity or trust in
19 which the individual holds an interest;

20 (d) each entity not listed under subsections (2)(a) through (2)(c) in which the individual is an officer or
21 director, regardless of whether or not the entity is organized for profit; and

22 (e) all real property, other than a personal residence, in which the individual holds an interest. Real
23 property may be described by general description.

24 (3) An individual may not assume or continue to exercise the powers and duties of the office to which
25 that individual has been elected or appointed until the statement has been filed as provided in subsection (1).

26 (4) The commissioner of political practices shall make the business disclosure statements available to
27 any individual upon request."

28

29 **Section 3.** Section 2-7-501, MCA, is amended to read:

30 **"2-7-501. Definitions.** Unless the context requires otherwise, in this part, the following definitions apply:

1 (1) "Audit" means a financial audit and includes financial statement and financial-related audits as
2 defined by government auditing standards as established by the U.S. comptroller general.

3 (2) "Board" means the Montana board of public accountants provided for in 2-15-1756.

4 (3) "Department" means the department of administration.

5 (4) (a) "Financial assistance" means assistance provided by a federal, state, or local government entity
6 to a local government entity or subrecipient to carry out a program. Financial assistance may be in the form of
7 grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct
8 appropriations, or other noncash assistance. Financial assistance includes awards received directly from federal
9 and state agencies or indirectly when subrecipients receive funds identified as federal or state funds by
10 recipients. The granting agency is responsible for identifying the source of funds awarded to recipients. The
11 recipient is responsible for identifying the source of funds awarded to subrecipients.

12 (b) Financial assistance does not include direct federal, state, or local government cash assistance to
13 individuals.

14 (5) "Financial report" means a presentation of financial statements, including applicable supplemental
15 notes and supplemental schedules, that are prepared in a format published by the department using the
16 Budgetary Accounting and Reporting System for Montana Cities, Towns, and Counties Manual and that reflect
17 a current financial position and the operating results for the 1-year reporting period.

18 (6) "Independent auditor" means:

19 (a) a federal, state, or local government auditor who meets the standards specified in the government
20 auditing standards; or

21 (b) a licensed accountant who meets the standards in subsection (6)(a).

22 (7) (a) "Local government entity" means a county, city, district, or public corporation that:

23 (i) has the power to raise revenue or receive, disburse, or expend local, state, or federal government
24 revenue for the purpose of serving the general public;

25 (ii) is governed by a board, commission, or individual elected or appointed by the public or
26 representatives of the public; and

27 (iii) receives local, state, or federal financial assistance.

28 (b) Local government entities include but are not limited to:

29 (i) airport authority districts;

30 (ii) cemetery districts;

- 1 (iii) counties;
- 2 (iv) county housing authorities;
- 3 (v) county road improvement districts;
- 4 (vi) county sewer districts;
- 5 (vii) county water districts;
- 6 (viii) county weed ~~control~~ management districts;
- 7 (ix) drainage districts;
- 8 (x) fire department relief associations;
- 9 (xi) fire districts;
- 10 (xii) hospital districts;
- 11 (xiii) incorporated cities or towns;
- 12 (xiv) irrigation districts;
- 13 (xv) mosquito districts;
- 14 (xvi) municipal housing authority districts;
- 15 (xvii) port authorities;
- 16 (xviii) solid waste management districts;
- 17 (xix) rural improvement districts;
- 18 (xx) school districts including a district's extracurricular funds;
- 19 (xxi) soil conservation districts;
- 20 (xxii) special education or other cooperatives;
- 21 (xxiii) television districts;
- 22 (xxiv) urban transportation districts;
- 23 (xxv) water conservancy districts; and
- 24 (xxvi) other miscellaneous and special districts.
- 25 (8) "Revenues" means all receipts of a local government entity from any source excluding the proceeds
- 26 from bond issuances."
- 27

28 **Section 4.** Section 2-15-114, MCA, is amended to read:

29 **"2-15-114. Security responsibilities of departments for data ~~and information technology~~**

30 **resources.** Each department head is responsible for ensuring an adequate level of security for all data ~~and~~

1 ~~information technology resources~~ within that department and shall:

2 (1) develop and maintain written internal policies and procedures to ensure security of data ~~and~~
3 ~~information technology resources~~. The internal policies and procedures are confidential information and exempt
4 from public inspection, except that the information must be available to the legislative auditor in performing
5 postauditing duties.

6 (2) designate an information security manager to administer the department's security program for data
7 ~~and information technology resources~~;

8 (3) implement appropriate cost-effective safeguards to reduce, eliminate, or recover from identified
9 threats to data ~~and information technology resources~~;

10 (4) ensure that internal evaluations of the security program for data ~~and information technology~~
11 ~~resources~~ are conducted. The results of the internal evaluations are confidential and exempt from public
12 inspection, except that the information must be available to the legislative auditor in performing postauditing
13 duties.

14 (5) include appropriate security requirements, as determined by the department, in the written
15 specifications for the department's solicitation of data and information technology resources; and

16 (6) include a general description of the existing security program and future plans for ensuring security
17 of data ~~and information technology resources~~ in the agency information technology plan as provided for in
18 2-17-523."

19

20 **Section 5.** Section 2-17-512, MCA, is amended to read:

21 **"2-17-512. Powers and duties of department.** (1) The department is responsible for carrying out the
22 planning and program responsibilities for information technology for state government, except the national guard.

23 The department:

24 (a) shall encourage and foster the development of new and innovative information technology within
25 state government;

26 (b) shall promote, coordinate, and approve the development and sharing of shared information
27 technology application software, management systems, and information that provide similar functions for multiple
28 state agencies;

29 (c) shall cooperate with the ~~department of commerce~~ office of economic development to promote
30 economic development initiatives based on information technology;

- 1 (d) shall establish and enforce a state strategic information technology plan as provided for in 2-17-521;
- 2 (e) shall establish and enforce statewide information technology policies and standards;
- 3 (f) shall review and approve state agency information technology plans provided for in 2-17-523;
- 4 (g) shall coordinate with the office of budget and program planning to evaluate budget requests that
- 5 include information technology resources. The department shall make recommendations to the office of budget
- 6 and program planning for the approval or disapproval of information technology budget requests. An unfavorable
- 7 recommendation must be based on a determination that the request is not provided for in the approved agency
- 8 information technology plan provided for in 2-17-523.
- 9 (h) shall staff the information technology board provided for in 2-15-1021;
- 10 (i) shall fund the administrative costs of the information technology board provided for in 2-15-1021;
- 11 (j) shall review the use of information technology resources for all state agencies;
- 12 (k) shall review and approve state agency specifications and procurement methods for the acquisition
- 13 of information technology resources;
- 14 (l) shall review, approve, and sign all state agency contracts and shall review and approve other formal
- 15 agreements for information technology resources provided by the private sector and other government entities;
- 16 (m) shall operate and maintain a central computer center for the use of state government, political
- 17 subdivisions, and other participating entities under terms and conditions established by the department;
- 18 (n) shall operate and maintain a statewide telecommunications network for the use of state government,
- 19 political subdivisions, and other participating entities under terms and conditions established by the department;
- 20 (o) shall ensure that the statewide telecommunications network is properly maintained. The department
- 21 may establish a centralized maintenance program for the statewide telecommunications network.
- 22 (p) shall coordinate public safety communications on behalf of all state agencies as provided for in
- 23 2-17-541 through 2-17-543;
- 24 (q) shall manage the state 9-1-1 program as provided for in Title 10, chapter 4, part 3;
- 25 (r) shall provide electronic access to information and services of the state as provided for in 2-17-532;
- 26 (s) shall provide assistance to the legislature, the judiciary, the governor, and state agencies relative
- 27 to state and interstate information technology matters;
- 28 (t) shall establish rates and other charges for services provided by the department;
- 29 (u) must accept federal funds granted by congress or by executive order and gifts, grants, and donations
- 30 for any purpose of this section;

1 (v) shall dispose of personal property owned by it in a manner provided by law when, in the judgment
2 of the department, the disposal best promotes the purposes for which the department is established;

3 (w) shall implement this part and all other laws for the use of information technology in state
4 government;

5 (x) shall report to the appropriate interim committee on a regular basis and to the legislature as provided
6 in 5-11-210 on the information technology activities of the department; and

7 (y) shall represent the state with public and private entities on matters of information technology.

8 (2) If it is in the state's best interest, the department may contract with qualified private organizations,
9 foundations, or individuals to carry out the purposes of this section.

10 (3) The director of the department shall appoint the chief information officer to assist in carrying out the
11 department's information technology duties."

12

13 **Section 6.** Section 3-2-605, MCA, is amended to read:

14 **"3-2-605. Responsibilities of supreme court for security of data and information.** The supreme
15 court is responsible for ~~assuring~~ ensuring an adequate level of security for data ~~and information technology~~
16 ~~resources~~, as defined in 2-15-102, within the judicial branch. In carrying out this responsibility, the supreme court
17 shall, at a minimum:

18 (1) address the responsibilities prescribed in 2-15-114; and

19 (2) develop written minimum standards and guidelines for the judicial branch to follow in developing its
20 security program."

21

22 **Section 7.** Section 3-10-207, MCA, is amended to read:

23 **"3-10-207. Salaries.** (1) The board of county commissioners shall set salaries for justices of the peace
24 by resolution and in conjunction with setting salaries for other officers as provided in 7-4-2504(4).

25 (2) The salary of the justice of the peace may not be less than the salary for the district clerk of the court
26 in that county.

27 (3) If the justice's court is not open for business full time, the justice's salary must be commensurate
28 to the workload and office hours of the court. The salary of a justice of the peace may not be reduced during the
29 justice's term of office."

30

1 **Section 8.** Section 3-20-103, MCA, is amended to read:

2 **"3-20-103. (Effective on occurrence of contingency) Asbestos claims court -- venue -- jury pool.**

3 (1) The asbestos claims judge may hear an asbestos-related claim in any venue stipulated by the parties as
4 provided in 25-2-202 or in any venue otherwise determined by the asbestos claims judge in accordance with
5 a stipulation of the parties. In stipulating venue, the parties shall take into consideration the availability of
6 courtroom facilities. The asbestos claims court may prepare a list of available courtroom facilities for
7 consideration of the parties.

8 (2) The pool of prospective jurors for an asbestos-related claim may be drawn from any county in
9 accordance with a stipulation of the parties. The jurors must be drawn, as provided in 3-15-501 and 3-15-503,
10 from the jury lists of the counties comprising the jury pool. The clerk of the district court for the district in which
11 the trial is conducted shall notify the prospective jurors ~~and make the statement provided for in 3-15-204(4).~~"

12

13 **Section 9.** Section 5-5-227, MCA, is amended to read:

14 **"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue**
15 **estimating and use of estimates.** (1) The revenue and transportation interim committee has administrative rule

16 review, draft legislation review, program evaluation, and monitoring functions for the department of revenue and
17 the department of transportation and the entities attached to the departments for administrative purposes.

18 (2) The committee must have prepared by December 1 for introduction during each regular session of
19 the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected to
20 be available for legislative appropriation.

21 (3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current
22 revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the
23 legislature's estimates and the assumptions underlying the estimates will be used by all agencies with
24 responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

25 (4) The legislative services division shall provide staff assistance to the committee. The committee may
26 request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the
27 department of revenue, and any other agency that has information regarding any of the tax or revenue bases
28 of the state."

29

30 **Section 10.** Section 7-1-202, MCA, is amended to read:

1 ~~"7-1-202. Transition of existing boards and creation~~ **Creation of new boards.** (1) Unless otherwise
 2 specified by law, the state laws providing for the organization and operation of the following administrative
 3 boards, districts, and commissions must be given the status of local ordinances for 1 year following October 1,
 4 1995, and the following boards, districts, and commissions shall continue to function during this period under
 5 the respective laws until the boards, districts, or commissions are reorganized by the county commissioners
 6 pursuant to the provisions of ~~7-1-201~~ Subject to 7-1-201 and 7-1-203 and in addition to the following, a county
 7 may create administrative boards, districts, and commissions that are not otherwise provided for by law:

- 8 ~~(a)~~(1) county building commission;
- 9 ~~(b)~~(2) cemetery districts;
- 10 ~~(c)~~(3) county fair commission;
- 11 ~~(d)~~(4) mosquito control board;
- 12 ~~(e)~~(5) museum board;
- 13 ~~(f)~~(6) board of park commissioners;
- 14 ~~(g)~~(7) rodent control board;
- 15 ~~(h)~~(8) solid waste district;
- 16 ~~(i)~~(9) television district;
- 17 ~~(j)~~(10) weed control management district.

18 ~~(2) Subject to 7-1-201 and 7-1-203, a county may create administrative boards, districts, and~~
 19 ~~commissions, in addition to those listed in subsection (1), that are not otherwise provided for by law."~~

20
 21 **Section 11.** Section 7-4-2502, MCA, is amended to read:

22 **"7-4-2502. Payment of salaries of county officials and assistants.** (1) The salaries of the county
 23 officers and their assistants may be paid monthly, twice monthly, or every 2 weeks out of the general fund of the
 24 county and upon the order of the board of county commissioners.

25 (2) (a) The salary of the county attorney is payable one-half from the general fund of the county and,
 26 if the county has supplied the information to the department of justice for inclusion in its budget, the other
 27 one-half from the state treasury upon the warrant of the state treasurer. If the county has not supplied information
 28 concerning any scheduled or proposed increase in salary for the county attorney to the department of justice for
 29 inclusion in material submitted to the budget director under Title 17, chapter 7, part 1, the county is responsible
 30 for any increased salary. The state's share of the county attorney's salary is payable every 2 weeks.

1 (b) The county commissioners of each county shall, within 30 days after the election or appointment
2 to fill a vacancy for any cause in the office of county attorney, certify the election or appointment to the
3 department of justice. The department shall notify the state treasurer of the salary of the county attorney. The
4 state treasurer shall draw warrants for the county attorney salaries in the same manner as for state officers. In
5 case of a vacancy, the county commissioners shall immediately notify the department of justice, and the
6 department shall compute the salary due on the basis of the notification.

7 (3) The board may, under limitations and restrictions prescribed by law, fix the compensation of all
8 county officers not otherwise fixed by law and provide for the payment of the compensation and may, for all or
9 the remainder of each fiscal year, in conjunction with setting salaries for other officers as provided in
10 7-4-2504(4), set their salaries at the prior fiscal year level."

11

12 **Section 12.** Section 7-6-611, MCA, is amended to read:

13 **"7-6-611. Role of department of administration.** (1) The department of administration shall prescribe
14 for all local governments:

15 (a) general methods and details of accounting in accordance with generally accepted accounting
16 principles as provided in 2-7-504;

17 (b) uniform internal and interim reporting systems as part of the uniform reporting systems provided for
18 in 2-7-503;

19 (c) the form of the annual financial report as provided in 2-7-503; and

20 (d) general methods and details of accounting for the annual financial report as provided in 2-7-513.

21 (2) Local governments shall file with the department of administration:

22 (a) an annual financial report within 6 months of the fiscal yearend; and

23 (b) an audit report within 12 months of the end of the audited period.

24 (3) The governing body of each county or municipality shall notify the department of administration in
25 writing, on a form prescribed by the department of ~~commerce~~ administration, of the creation, dissolution,
26 combination, or other legal alteration of any special purpose district within the county or municipality.

27 (4) Each special purpose district shall obtain a permanent mailing address and notify the department
28 of administration of the address and of any subsequent changes of the district's address."

29

30 **Section 13.** Section 7-6-612, MCA, is amended to read:

- 1 **"7-6-612. Additional records and reports.** (1) The chief executive or governing body of a county or
2 municipality may require any elected or appointed local government official or employee to:
- 3 (a) maintain new or additional financial records;
4 (b) perform new or additional financial reconciliations; and
5 (c) submit new or additional financial reports.
- 6 (2) This part does not provide for the consolidation or reassignment, but does not prohibit delegation
7 by mutual agreement, of any duties of elected county officials. Continuing county duties include but are not
8 limited to the following:
- 9 (a) The county treasurer shall make a detailed monthly report to the governing body of the county of
10 all receipts, disbursements, debt, and other proceedings of the treasurer's office.
- 11 (b) The county clerk shall compile and present to the governing body of the county the annual financial
12 report provided for in 7-6-611(2)(a).
- 13 (3) The designated county or municipal treasurer shall:
- 14 (a) receive, disburse, and serve as the custodian of all public money;
15 (b) provide for accountability of all local government cash receipts and for deposits and investments
16 of all departments, offices, and boards;
- 17 (c) pay out, in the order registered, all warrants presented for payment when there are funds in the
18 treasury to pay the warrants; and
- 19 (d) require periodic departmental reports of money receipts and their disposition on forms that the
20 designated county or municipal treasurer prescribes.
- 21 (4) All local governments:
- 22 (a) shall deposit all public money with the county or municipal treasurer within a month of receipt unless
23 otherwise specifically authorized by law;
- 24 (b) may not maintain separate bank accounts unless specifically authorized by the county or municipal
25 governing body;
- 26 (c) may not maintain separate investments.
- 27 ~~(5) The provisions of subsections (3) and (4) apply to local governments that are not subject to an~~
28 ~~independent audit pursuant to 2-7-503 and are in addition to laws specifically applying to those local~~
29 ~~governments.~~
- 30 ~~(6)~~(5) The governing body of a county or municipality shall direct the county or municipal treasurer to

1 open separate accounts for the receipt of money for the governing body. Only the county or municipal treasurer
2 may open an account for the receipt of local government money."

3

4 **Section 14.** Section 7-14-112, MCA, is amended to read:

5 **"7-14-112. Senior citizen and persons with disabilities transportation services account -- use.**

6 (1) There is a senior citizen and persons with disabilities transportation services account in the state special
7 revenue fund. Money must be deposited in the account pursuant to ~~61-3-406~~ 61-3-321(6)(a).

8 (2) Except as provided in subsection (6), the account must be used to provide operating funds to
9 counties, incorporated cities and towns, transportation districts, or nonprofit organizations for transportation
10 services for persons 60 years of age or older and for persons with disabilities.

11 (3) (a) Subject to the conditions of subsection (3)(b), the department of transportation is authorized to
12 award grants to counties, incorporated cities and towns, transportation districts, and nonprofit organizations for
13 transportation services using guidelines established in the state management plan for the purposes described
14 in 49 U.S.C. 5310 and 5311.

15 (b) Priority for awarding grants must be determined according to the following factors:

16 (i) the most recent census or federal estimate of persons 60 years of age or older and persons with
17 disabilities in the area served by a county, incorporated city or town, transportation district, or nonprofit
18 organization;

19 (ii) the annual number of trips provided by the transportation provider to persons 60 years of age or older
20 and to persons with disabilities in the transportation service area;

21 (iii) the ability of the transportation provider to provide matching money in an amount determined by the
22 department of transportation; and

23 (iv) the coordination of services as required in subsection (5).

24 (4) The department of transportation shall ensure that the available funding is distributed equally among
25 the five transportation districts provided in 2-15-2502.

26 (5) In awarding grants, the department of transportation shall give preference to proposals that:

27 (a) include the establishment of a transit authority to coordinate service area or regional transportation
28 services;

29 (b) address and document the transportation needs within the community, county, and service area or
30 region;

- 1 (c) identify all other transportation providers in the community, county, and service area or region;
- 2 (d) explain how services are going to be coordinated with the other transportation providers in the
3 service area or region;
- 4 (e) indicate how services are going to be expanded to meet the unmet needs of senior citizens and
5 disabled persons within the community, county, and service area or region who are dependent upon public
6 transit;
- 7 (f) include documentation of coordination with other local transportation programs within the community,
8 county, and service area or region, including:
- 9 (i) utilization of existing resources and equipment to maximize the delivery of service; and
10 (ii) the projected increase in ridership and expansion of service;
- 11 (g) invite school districts to participate or be included in the transportation coordination efforts within the
12 community, county, and service area or region; and
- 13 (h) at a minimum, comply with the provisions in subsections (5)(b) through (5)(f).
- 14 (6) Any amount of money remaining after grants have been awarded to transportation providers who
15 provide transportation services for persons 60 years of age or older and persons with disabilities may be
16 awarded to other transportation providers for operating costs for the purposes described in 49 U.S.C. 5311 other
17 than for transportation services for persons 60 years of age or older or persons with disabilities."

18

19 **Section 15.** Section 7-15-4283, MCA, is amended to read:

20 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4282 through
21 7-15-4292 and 7-15-4297 through 7-15-4299, the following definitions apply unless otherwise provided or
22 indicated by the context:

23 (1) "Actual taxable value" means the taxable value of taxable property at any time, as calculated from
24 the assessment roll last equalized.

25 (2) "Aerospace transportation and technology district" means a tax increment financing aerospace
26 transportation and technology district created pursuant to 7-15-4296.

27 (3) "Aerospace transportation and technology infrastructure development project" means a project
28 undertaken within or for an aerospace transportation and technology district that consists of any or all of the
29 activities authorized by 7-15-4288.

30 (4) "Base taxable value" means the actual taxable value of all taxable property within an urban renewal

1 area, industrial district, or aerospace transportation and technology district prior to the effective date of a tax
2 increment financing provision. This value may be adjusted as provided in 7-15-4287 or 7-15-4293.

3 (5) "Incremental taxable value" means the amount, if any, by which the actual taxable value at any time
4 exceeds the base taxable value of all property within an urban renewal area, industrial district, or aerospace
5 transportation and technology district subject to taxation.

6 (6) "Industrial district" means a tax increment financing industrial district created pursuant to 7-15-4299.

7 (7) "Industrial infrastructure development project" means a project undertaken within or for an industrial
8 district that consists of any or all of the activities authorized by 7-15-4288.

9 (8) "Municipality", for the purpose of an industrial district created pursuant to 7-15-4297 through
10 7-15-4299 and operating pursuant to 7-15-4282 through 7-15-4293 and part 43 of this chapter, means any
11 incorporated city or town, county, or city-county consolidated local government.

12 (9) "Tax increment" means the collections realized from extending the tax levies, expressed in mills,
13 of all taxing bodies in which the urban renewal area, industrial district, aerospace transportation and technology
14 district, or a part of an area or district is located against the incremental taxable value.

15 (10) "Tax increment provision" means a provision for the segregation and application of tax increments
16 as authorized by 7-15-4282 through 7-15-4292.

17 (11) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

18 (12) "Taxing body" means any city, town, county, school district, or other political subdivision or
19 governmental unit of the state, including the state, ~~which~~ that levies taxes against property within the urban
20 renewal area, industrial district, or an aerospace transportation and technology district."

21

22 **Section 16.** Section 7-15-4288, MCA, is amended to read:

23 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used
24 by the municipality to pay the following costs of or incurred in connection with an urban renewal project, industrial
25 infrastructure development project, or aerospace transportation and technology infrastructure development
26 project:

27 (1) land acquisition;

28 (2) demolition and removal of structures;

29 (3) relocation of occupants;

30 (4) the acquisition, construction, and improvement of infrastructure, industrial infrastructure, or

1 aerospace transportation and technology infrastructure that includes streets, roads, curbs, gutters, sidewalks,
 2 pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines, sewage treatment
 3 facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines,
 4 telecommunications lines, rail lines, rail spurs, bridges, spaceports for reusable launch vehicles with associated
 5 runways and launch, recovery, fuel manufacturing, and cargo holding facilities, publicly owned buildings, and
 6 any public improvements authorized by parts 41 through 45 of chapter 12, parts 42 and 43 of chapter 13, and
 7 part 47 of chapter 14 and items of personal property to be used in connection with improvements for which the
 8 foregoing costs may be incurred;

9 (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;

10 (6) acquisition of infrastructure-deficient areas or portions of areas;

11 (7) administrative costs associated with the management of the industrial district or the aerospace
 12 transportation and technology district;

13 (8) assemblage of land for development or redevelopment by private enterprise or public agencies,
 14 including sale, initial leasing, or retention by the municipality itself at its fair value;

15 (9) the compilation and analysis of pertinent information required to adequately determine the
 16 infrastructure needs of secondary, value-adding industries in the industrial district or the needs of an aerospace
 17 transportation and technology infrastructure development project in the aerospace transportation and technology
 18 district;

19 (10) the connection of the industrial district or the aerospace transportation and technology district to
 20 existing infrastructure outside the industrial district or the aerospace transportation and technology district;

21 (11) the provision of direct assistance, through industrial infrastructure development projects or
 22 aerospace transportation and technology infrastructure development projects, to secondary, value-adding
 23 industries to assist in meeting their infrastructure and land needs within the industrial district or the aerospace
 24 transportation and technology district; and

25 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
 26 abating, or eliminating pollution."

27

28 **Section 17.** Section 7-32-2128, MCA, is amended to read:

29 **"7-32-2128. False claims by sheriff.** Every A sheriff who falsely represents to the board of county
 30 commissioners or ~~attorney general~~ his governor the sheriff's actual traveling expenses in the performance of

1 any official duty or causes to be paid to him the sheriff from the state or any county treasury a sum exceeding
 2 his the actual expenses in the performance of his the sheriff's duty is guilty of a misdemeanor."

3

4 **Section 18.** Section 13-35-226, MCA, is amended to read:

5 **"13-35-226. Unlawful acts of employers and employees.** (1) It is unlawful for any employer, in paying
 6 employees the salary or wages due them, to include with their pay the name of any candidate or any political
 7 mottoes, devices, or arguments containing threats or promises, express or implied, calculated or intended to
 8 influence the political opinions or actions of the employees.

9 (2) It is unlawful for an employer to exhibit in a place where the employer's workers or employees may
 10 be working any handbill or placard containing:

11 (a) any threat, promise, notice, or information that, in case any particular ticket or political party,
 12 organization, or candidate is elected:

13 (i) work in the employer's place or establishment will cease, in whole or in part, or will be continued or
 14 increased;

15 (ii) the employer's place or establishment will be closed; or

16 (iii) the salaries or wages of the workers or employees will be reduced or increased; or

17 (b) other threats or promises, express or implied, intended or calculated to influence the political
 18 opinions or actions of the employer's workers or employees.

19 (3) A person may not coerce, command, or require a public employee to support or oppose any political
 20 committee, the nomination or election of any person to public office, or the passage of a ballot issue.

21 (4) A public employee may not solicit support for or opposition to any political committee, the nomination
 22 or election of any person to public office, or the passage of a ballot issue while on the job or at the place of
 23 employment. However, subject to 2-2-121, this section does not restrict the right of a public employee to express
 24 personal political views.

25 (5) A person who violates this section is liable in a civil action authorized by ~~13-27-128~~ 13-37-128,
 26 brought by the commissioner or a county attorney pursuant to 13-37-124 and 13-37-125."

27

28 **Section 19.** Section 15-6-138, MCA, is amended to read:

29 **"15-6-138. (Temporary) Class eight property -- description -- taxable percentage.** (1) Class eight
 30 property includes:

- 1 (a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);
- 2 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and
3 supplies except those included in class five;
- 4 (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage
5 tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units,
6 communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and
7 similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-201(1)(r), and
8 supplies except those included in class five;
- 9 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools
10 and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk
11 processors ~~as providers~~ as provided in 15-6-201, and supplies except those included in class five;
- 12 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are
13 specifically included and taxed in another class;
- 14 (f) special mobile equipment as defined in 61-1-104;
- 15 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
16 commercial establishments as defined in this section;
- 17 (h) x-ray and medical and dental equipment;
- 18 (i) citizens' band radios and mobile telephones;
- 19 (j) radio and television broadcasting and transmitting equipment;
- 20 (k) cable television systems;
- 21 (l) coal and ore haulers;
- 22 (m) theater projectors and sound equipment; and
- 23 (n) all other property that is not included in any other class in this part, except that property that is
24 subject to a fee in lieu of a property tax.
- 25 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000
26 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a
27 mining or quarrying environment.
- 28 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or
29 service, wholesale, retail, or food-handling business.
- 30 (4) Class eight property is taxed at 3% of its market value.

1 (5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted Montana
 2 wage and salary income, in the last full year for which data is available, is at least 2.85% from the prior year, then
 3 the tax rate for class eight property will be reduced by 1% each year until the tax rate reaches zero.

4 (b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula
 5 $(W/CPI) - 1$, where:

6 (i) W is the Montana wage and salary income for the most current available year divided by the Montana
 7 wage and salary income for the year prior to the most current available year; and

8 (ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i)
 9 divided by the consumer price index for the year prior to the most current available year as used in subsection
 10 (5)(b)(i).

11 (c) For purposes of determining the percentage growth in subsection (5)(a), the department shall use
 12 the wage and salary data series referred to as the bureau of economic analysis of the United States department
 13 of commerce Montana wage and salary disbursements. Inflation must be measured by the consumer price
 14 index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as published by the
 15 bureau of labor statistics of the United States department of labor.

16 (6) The class eight property of a person or business entity that owns an aggregate of \$5,000 or less in
 17 market value of class eight property is exempt from taxation. (Repealed on occurrence of contingency--secs.
 18 27(2), 31(4), Ch. 285, L. 1999.)"

19

20 **Section 20.** Section 15-7-102, MCA, is amended to read:

21 **"15-7-102. Notice of classification and appraisal to owners -- appeals.** (1) (a) Except as provided
 22 in 15-7-138, the department shall mail to each owner or purchaser under contract for deed a notice of the
 23 classification of the land owned or being purchased and the appraisal of the improvements on the land only if
 24 one or more of the following changes pertaining to the land or improvements have been made since the last
 25 notice:

26 (i) change in ownership;

27 (ii) change in classification;

28 (iii) except as provided in subsection (1)(b), change in valuation; or

29 (iv) addition or subtraction of personal property affixed to the land.

30 (b) After the first year, the department is not required to mail the notice provided for in subsection

1 (1)(a)(iii) if the change in valuation is the result of an annual incremental change in valuation caused by the
2 phasing in of a reappraisal under 15-7-111 or the application of the ~~exemption~~ exemptions under 15-6-201(1)(z)
3 and (1)(aa) or caused by an incremental change in the tax rate.

4 (c) The notice must include the following for the taxpayer's informational purposes:

5 (i) the total amount of mills levied against the property in the prior year; and

6 (ii) a statement that the notice is not a tax bill.

7 (d) Any misinformation provided in the information required by subsection (1)(c) does not affect the
8 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

9 (2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the
10 correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a
11 standardized form, adopted by the department, containing sufficient information in a comprehensible manner
12 designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over
13 the prior tax year.

14 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal
15 of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

16 (c) The department is not required to mail the notice of classification and appraisal to a new owner or
17 purchaser under contract for deed unless the department has received the transfer certificate from the clerk and
18 recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection
19 (2)(a) are mailed. The department shall notify the county tax appeal board of the date of the mailing.

20 (3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market
21 value of the property as determined by the department or with the classification of the land or improvements,
22 the owner may request an assessment review by submitting an objection in writing to the department, on forms
23 provided by the department for that purpose, within 30 days after receiving the notice of classification and
24 appraisal from the department. The review must be conducted informally and is not subject to the contested case
25 procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider
26 the actual selling price of the property, independent appraisals of the property, and other relevant information
27 presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The
28 department shall give reasonable notice to the taxpayer of the time and place of the review. After the review,
29 the department shall determine the correct appraisal and classification of the land or improvements and notify
30 the taxpayer of its determination. In the notification, the department shall state its reasons for revising the

1 classification or appraisal. When the proper appraisal and classification have been determined, the land must
 2 be classified and the improvements appraised in the manner ordered by the department.

3 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an
 4 appraisal or classification upon the taxpayer's objection unless:

5 (a) the taxpayer has submitted an objection in writing; and

6 (b) the department has stated its reason in writing for making the adjustment.

7 (5) A taxpayer's written objection to a classification or appraisal and the department's notification to the
 8 taxpayer of its determination and the reason for that determination are public records. The department shall
 9 make the records available for inspection during regular office hours.

10 (6) If any property owner feels aggrieved by the classification or appraisal made by the department after
 11 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal
 12 board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts.
 13 The appeal to the county tax appeal board must be filed within 30 days after notice of the department's
 14 determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider
 15 the actual selling price of the property, independent appraisals of the property, and other relevant information
 16 presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the
 17 state tax appeal board determines that an adjustment should be made, the department shall adjust the base
 18 value of the property in accordance with the board's order."

19

20 **Section 21.** Section 15-7-307, MCA, is amended to read:

21 "**15-7-307. Certificate -- exceptions.** The certificate ~~imposed~~ required by this part applies to all
 22 transfers. However, the certificate filed for the following transfers need not disclose the consideration paid or to
 23 be paid for the real estate transferred:

24 (1) an instrument recorded prior to July 1, 1975;

25 (2) the sale of agricultural land when the land is used for agricultural purposes;

26 (3) the sale of timberland when the land is used for producing timber;

27 (4) a transfer by the United States of America, this state, or any instrumentality, agency, or subdivision
 28 ~~thereof~~ of the United States or this state;

29 (5) an instrument ~~which that~~ (without added consideration) confirms, corrects, modifies, or supplements
 30 a previously recorded instrument;

- 1 (6) a transfer pursuant to a court decree;
- 2 (7) a transfer pursuant to mergers, consolidations, or reorganizations of corporations, partnerships, or
3 other business entities;
- 4 (8) a transfer by a subsidiary corporation to its parent corporation without actual consideration or in sole
5 consideration of the cancellation or surrender of subsidiary stock;
- 6 (9) a transfer of decedents' estates;
- 7 (10) a transfer of a gift;
- 8 (11) a transfer between husband and wife or parent and child with only nominal actual consideration
9 ~~therefor~~ for the transfer;
- 10 (12) an instrument the effect of which is to transfer the property to the same party or parties;
- 11 (13) a sale for delinquent taxes or assessments, ~~sheriff~~ sheriff's sale, bankruptcy action, or mortgage
12 foreclosure;
- 13 (14) a transfer made in contemplation of death."
14

15 **Section 22.** Section 15-23-703, MCA, is amended to read:

16 **"15-23-703. Taxation of gross proceeds -- taxable value for county classification and guaranteed**
17 **tax base aid to schools.** (1) The department shall compute from the reported gross proceeds from coal a tax
18 roll that must be transmitted to the county treasurer on or before September 15 each year. The department may
19 not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against the
20 value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall ~~proceed to~~ give
21 full notice, ~~as provided in 15-16-101~~, to each coal producer of the taxes due and shall collect the taxes.

22 (2) For county classification and all nontax purposes, the taxable value of the gross proceeds of coal
23 is 45% of the contract sales price as defined in 15-35-102.

24 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the state,
25 county, and eligible school districts in the county the amount of the coal gross proceeds tax, determined by
26 multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated, and sold on which
27 the coal gross proceeds tax was owed during the preceding calendar year.

28 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
29 determined under subsection (3) and the amounts received under 15-23-706:

30 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production in the

1 relative proportions required by the levies for state and county purposes in the same manner as property taxes
2 were distributed in fiscal year 1990 in the taxing jurisdiction; and

3 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
4 production or used nontax revenue, such as impact aid money, as provided in 20 U.S.C. 7701, et seq., in lieu
5 of levying mills against production, in the same manner that property taxes collected or property taxes that would
6 have been collected would have been distributed in the 1990 school fiscal year in the school district.

7 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection (3),
8 the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each year, send
9 the excess revenue, excluding any protested coal gross proceeds tax revenue, to the department for
10 redistribution as provided in 15-23-706.

11 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection (3),
12 the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

13 (6) The board of county commissioners of a county may direct the county treasurer to reallocate the
14 distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in subsection (4)(a),
15 to another taxing unit or taxing units, other than an elementary school or high school, within the county under
16 the following conditions:

17 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the
18 county in the same proportion that all other property tax proceeds were distributed in the county in fiscal year
19 1990.

20 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the commissioners
21 may direct the county treasurer to allocate the excess to any taxing unit within the county.

22 (7) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds
23 taxes distributed to the district by the county treasurer under the following conditions:

24 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in
25 the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

26 (b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may
27 allocate the excess to any budgeted fund of the school district.

28 (8) The county treasurer shall credit all taxes collected under this part from coal mines that began
29 production after December 31, 1988, in the relative proportions required by the levies for state, county, and
30 school district purposes in the same manner as property taxes were distributed in the previous fiscal year."

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Section 23. Section 15-30-106, MCA, is amended to read:

"15-30-106. Tax on lump-sum distributions. (1) ~~There is imposed a~~ A separate tax is imposed on lump-sum distributions.

(2) The tax is 10% of the amount of tax determined under section 402(e) of the Internal Revenue Code ~~of 1954, 26 U.S.C. 402(e) as amended, or as section 402(e) may be renumbered or amended.~~

(3) All means available for the administration and enforcement of income taxes ~~shall~~ must be applied to the tax on lump-sum distributions."

Section 24. Section 15-30-111, MCA, is amended to read:

"15-30-111. (Temporary) Adjusted gross income. (1) Adjusted gross income is the taxpayer's federal ~~income tax~~ adjusted gross income as defined in section 62 of the Internal Revenue Code ~~of 1954, 26 U.S.C. 62, as that section may be labeled or amended,~~ and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code ~~of 1986, 26 U.S.C. 852(b)(5), as that section may be amended or renumbered,~~ that are attributable to the interest referred to in subsection (1)(a)(i);

(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a reduction of Montana income tax liability;

(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code ~~of 1954~~ that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

(d) depreciation or amortization taken on a title plant as defined in 33-25-105(15);

(e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the amount recovered reduced the taxpayer's Montana income tax in the year deducted; and

(f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution of the same estate or trust for the same tax period.

(2) Notwithstanding the provisions of the ~~federal~~ Internal Revenue Code ~~of 1954, as labeled or~~

1 amended, adjusted gross income does not include the following, which are exempt from taxation under this
2 chapter:

3 (a) (i) all interest income from obligations of the United States government, the state of Montana, a
4 county, municipality, or district, or other political subdivision of the state and any other interest income that is
5 exempt from taxation by Montana under federal law;

6 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code of 1986, 26
7 U.S.C. 852(b)(5), ~~as that section may be amended or renumbered~~, that are attributable to the interest referred
8 to in subsection (2)(a)(i);

9 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and
10 including \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

11 (c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income
12 received as defined in 15-30-101;

13 (ii) for pension and annuity income described under subsection (2)(c)(i), as follows:

14 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
15 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
16 excess of \$30,000 as shown on the taxpayer's return;

17 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
18 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in
19 subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000
20 as shown on their joint return;

21 (d) all Montana income tax refunds or tax refund credits;

22 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

23 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by
24 section 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on
25 January 1, 1983, received by persons for services rendered by them to patrons of premises licensed to provide
26 food, beverage, or lodging;

27 (g) all benefits received under the workers' compensation laws;

28 (h) all health insurance premiums paid by an employer for an employee if attributed as income to the
29 employee under federal law;

30 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against a

1 manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";

2 (j) principal and income in a medical care savings account established in accordance with 15-61-201
3 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a
4 dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;

5 (k) principal and income in a first-time home buyer savings account established in accordance with
6 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time
7 purchase of a single-family residence;

8 (l) contributions withdrawn from a family education savings account or earnings withdrawn from a family
9 education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated
10 beneficiary;

11 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
12 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

13 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
14 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
15 of the same estate or trust for the same tax period;

16 (o) deposits, not exceeding the amount set forth in 15-30-603, deposited in a Montana farm and ranch
17 risk management account, as provided in 15-30-601 through 15-30-605, in any tax year for which a deduction
18 is not provided for federal income tax purposes; and

19 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income
20 pursuant to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the
21 child and taxpayer meet the filing requirements in 15-30-142.

22 (3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l) shall
23 include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as
24 provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election
25 is effective.

26 (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business
27 deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38
28 and 51(a) of the Internal Revenue Code of 1954, 26 U.S.C. 38 and 51(a), ~~as those sections may be labeled or~~
29 ~~amended~~, is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken. The
30 deduction must be made in the year that the wages and salaries were used to compute the credit. In the case

1 of a partnership or small business corporation, the deduction must be made to determine the amount of income
2 or loss of the partnership or small business corporation.

3 (5) Married taxpayers filing a joint federal return who are required to include part of their social security
4 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal
5 base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement
6 benefits when they file separate Montana income tax returns. The federal base must be split equally on the
7 Montana return.

8 (6) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end
9 of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income
10 up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is
11 absent from work due to the disability. If the adjusted gross income before this exclusion ~~and before application~~
12 ~~of the two-earner married couple deduction~~ exceeds \$15,000, the excess reduces the exclusion by an equal
13 amount. This limitation affects the amount of exclusion, but not the taxpayer's eligibility for the exclusion. If
14 eligible, married individuals shall apply the exclusion separately, but the limitation for income exceeding \$15,000
15 is determined with respect to the spouses on their combined adjusted gross income. For the purpose of this
16 subsection, "permanently and totally disabled" means unable to engage in any substantial gainful activity by
17 reason of any medically determined physical or mental impairment lasting or expected to last at least 12 months.

18 (7) Married taxpayers who file a joint federal return and who make an election on the federal return to
19 defer income ratably for 4 tax years because of a conversion from an IRA other than a Roth IRA to a Roth IRA,
20 pursuant to section 408A(d)(3) of the Internal Revenue Code, 26 U.S.C. 408A(d)(3), may file separate Montana
21 income tax returns to defer the full taxable conversion amount from Montana adjusted gross income for the
22 same time period. The deferred amount must be attributed to the taxpayer making the conversion.

23 (8) An individual who contributes to one or more accounts established under the Montana family
24 education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the
25 contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000,
26 for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions
27 made by the spouses as being made by each spouse. The reduction in adjusted gross income under this
28 subsection applies only with respect to contributions to an account of which the account owner, as defined in
29 15-62-103, is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or
30 stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of

1 contributions that reduced adjusted gross income. (Subsection (2)(f) terminates on occurrence of
 2 contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch.
 3 262, L. 2001.)

4 **15-30-111. (Effective on occurrence of contingency) Adjusted gross income.** (1) Adjusted gross
 5 income is the taxpayer's federal ~~income tax~~ adjusted gross income as defined in section 62 of the Internal
 6 Revenue Code of 1954, 26 U.S.C. 62, ~~as that section may be labeled or amended~~, and in addition includes the
 7 following:

8 (a) (i) interest received on obligations of another state or territory or county, municipality, district, or other
 9 political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana
 10 under federal law;

11 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code of 1986, 26
 12 U.S.C. 852(b)(5), ~~as that section may be amended or renumbered~~, that are attributable to the interest referred
 13 to in subsection (1)(a)(i);

14 (b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a
 15 reduction of Montana income tax liability;

16 (c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue
 17 Code of 1954 that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

18 (d) depreciation or amortization taken on a title plant as defined in 33-25-105(15);

19 (e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the
 20 amount recovered reduced the taxpayer's Montana income tax in the year deducted; and

21 (f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of
 22 the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution
 23 of the same estate or trust for the same tax period.

24 (2) Notwithstanding the provisions of the ~~federal~~ Internal Revenue Code of 1954, ~~as labeled or~~
 25 ~~amended~~, adjusted gross income does not include the following, which are exempt from taxation under this
 26 chapter:

27 (a) (i) all interest income from obligations of the United States government, the state of Montana, a
 28 county, municipality, or district, or other political subdivision of the state and any other interest income that is
 29 exempt from taxation by Montana under federal law;

30 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code of 1986, 26

- 1 U.S.C. 852(b)(5), ~~as that section may be amended or renumbered~~, that are attributable to the interest referred
2 to in subsection (2)(a)(i);
- 3 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and
4 including \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;
- 5 (c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income
6 received as defined in 15-30-101;
- 7 (ii) for pension and annuity income described under subsection (2)(c)(i), as follows:
- 8 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
9 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
10 excess of \$30,000 as shown on the taxpayer's return;
- 11 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
12 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in
13 subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000
14 as shown on their joint return;
- 15 (d) all Montana income tax refunds or tax refund credits;
- 16 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);
- 17 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by
18 section 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on
19 January 1, 1983, received by persons for services rendered by them to patrons of premises licensed to provide
20 food, beverage, or lodging;
- 21 (g) all benefits received under the workers' compensation laws;
- 22 (h) all health insurance premiums paid by an employer for an employee if attributed as income to the
23 employee under federal law;
- 24 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against a
25 manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";
- 26 (j) principal and income in a medical care savings account established in accordance with 15-61-201
27 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a
28 dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;
- 29 (k) principal and income in a first-time home buyer savings account established in accordance with
30 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time

1 purchase of a single-family residence;

2 (l) contributions withdrawn from a family education savings account or earnings withdrawn from a family
3 education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated
4 beneficiary;

5 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
6 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

7 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
8 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
9 of the same estate or trust for the same tax period;

10 (o) deposits, not exceeding the amount set forth in 15-30-603, deposited in a Montana farm and ranch
11 risk management account, as provided in 15-30-601 through 15-30-605, in any tax year for which a deduction
12 is not provided for federal income tax purposes;

13 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income
14 pursuant to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the
15 child and taxpayer meet the filing requirements in 15-30-142.

16 (q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or
17 withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303.

18 (3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l) shall
19 include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as
20 provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election
21 is effective.

22 (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business
23 deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38
24 and 51(a) of the Internal Revenue Code of ~~1954~~, 26 U.S.C. 38 and 51(a), ~~as those sections may be labeled or~~
25 ~~amended~~, is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken. The
26 deduction must be made in the year that the wages and salaries were used to compute the credit. In the case
27 of a partnership or small business corporation, the deduction must be made to determine the amount of income
28 or loss of the partnership or small business corporation.

29 (5) Married taxpayers filing a joint federal return who are required to include part of their social security
30 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal

1 base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement
2 benefits when they file separate Montana income tax returns. The federal base must be split equally on the
3 Montana return.

4 (6) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end
5 of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income
6 up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is
7 absent from work due to the disability. If the adjusted gross income before this exclusion ~~and before application~~
8 ~~of the two-earner married couple deduction~~ exceeds \$15,000, the excess reduces the exclusion by an equal
9 amount. This limitation affects the amount of exclusion, but not the taxpayer's eligibility for the exclusion. If
10 eligible, married individuals shall apply the exclusion separately, but the limitation for income exceeding \$15,000
11 is determined with respect to the spouses on their combined adjusted gross income. For the purpose of this
12 subsection, "permanently and totally disabled" means unable to engage in any substantial gainful activity by
13 reason of any medically determined physical or mental impairment lasting or expected to last at least 12 months.

14 (7) Married taxpayers who file a joint federal return and who make an election on the federal return to
15 defer income ratably for 4 tax years because of a conversion from an IRA other than a Roth IRA to a Roth IRA,
16 pursuant to section 408A(d)(3) of the Internal Revenue Code, 26 U.S.C. 408A(d)(3), may file separate Montana
17 income tax returns to defer the full taxable conversion amount from Montana adjusted gross income for the
18 same time period. The deferred amount must be attributed to the taxpayer making the conversion.

19 (8) An individual who contributes to one or more accounts established under the Montana family
20 education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the
21 contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000,
22 for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions
23 made by the spouses as being made by each spouse. The reduction in adjusted gross income under this
24 subsection applies only with respect to contributions to an account of which the account owner, as defined in
25 15-62-103, is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or
26 stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of
27 contributions that reduced adjusted gross income. (Subsection (2)(f) terminates on occurrence of
28 contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch.
29 262, L. 2001.)"

30

1 **Section 25.** Section 15-30-121, MCA, is amended to read:

2 **"15-30-121. Deductions allowed in computing net income.** (1) In computing net income, there are
3 allowed as deductions:

4 (a) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b), and
5 211 of the Internal Revenue Code, ~~of 1954 (26 U.S.C. 161 and 211), or as sections 161 and 211 are labeled or~~
6 ~~amended~~, subject to the following exceptions, which are not deductible:

7 (i) items provided for in 15-30-123;

8 (ii) state income tax paid;

9 (iii) premium payments for medical care as provided in subsection (1)(g)(i);

10 (iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii);

11 (b) federal income tax paid within the tax year;

12 (c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through
13 (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as
14 follows:

15 (i) expenses for household and dependent care services necessary for gainful employment incurred
16 for:

17 (A) a dependent under 15 years of age for whom an exemption can be claimed;

18 (B) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income
19 do not apply, who is unable to provide self-care because of physical or mental illness; and

20 (C) a spouse who is unable to provide self-care because of physical or mental illness;

21 (ii) employment-related expenses incurred for the following services, but only if the expenses are
22 incurred to enable the taxpayer to be gainfully employed:

23 (A) household services that are attributable to the care of the qualifying individual; and

24 (B) care of an individual who qualifies under subsection (1)(c)(i);

25 (iii) expenses incurred in maintaining a household if over half of the cost of maintaining the household
26 is furnished by an individual or, if the individual is married during the applicable period, is furnished by the
27 individual and the individual's spouse;

28 (iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

29 (A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during
30 the year only to the extent that the expenses do not exceed \$4,800;

1 (B) expenses for services in the household are deductible under subsection (1)(c)(i) for
2 employment-related expenses only if they are incurred for services in the taxpayer's household, except that
3 employment-related expenses incurred for services outside the taxpayer's household are deductible, but only
4 if incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that
5 the expenses incurred during the year do not exceed:

6 (I) \$2,400 in the case of one qualifying individual;

7 (II) \$3,600 in the case of two qualifying individuals; and

8 (III) \$4,800 in the case of three or more qualifying individuals;

9 (v) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year during
10 which the expenses are incurred, the amount of the employment-related expenses incurred, to be reduced by
11 one-half of the excess of the combined adjusted gross income over \$18,000;

12 (vi) for purposes of this subsection (1)(c):

13 (A) married couples shall file a joint return or file separately on the same form;

14 (B) if the taxpayer is married during any period of the tax year, employment-related expenses incurred
15 are deductible only if:

16 (I) both spouses are gainfully employed, in which case the expenses are deductible only to the extent
17 that they are a direct result of the employment; or

18 (II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

19 (C) an individual legally separated from the individual's spouse under a decree of divorce or of separate
20 maintenance may not be considered as married;

21 (D) the deduction for employment-related expenses must be divided equally between the spouses when
22 filing separately on the same form;

23 (E) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax year
24 and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not
25 deductible as employment-related expenses;

26 (d) in the case of an individual, political contributions determined in accordance with the provisions of
27 section 218(a) and (b) of the Internal Revenue Code of 1954 (now repealed) that were in effect for the tax year
28 that ended December 31, 1978;

29 (e) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct allowed
30 as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

1 (f) contributions to the child abuse and neglect prevention program provided for in 52-7-101, subject
2 to the conditions set forth in 15-30-156;

3 (g) the entire amount of premium payments made by the taxpayer, except premiums deducted in
4 determining Montana adjusted gross income, or for which a credit was claimed under 15-30-128, for:

5 (i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the
6 taxpayer's dependents, and the parents and grandparents of the taxpayer; and

7 (ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified
8 long-term care services, as defined in 26 U.S.C. 7702B(c), for:

9 (A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or

10 (B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the
11 taxpayer for tax years beginning after December 31, 1996;

12 (h) light vehicle registration fees, as provided for in 61-3-560 through 61-3-562, paid during the tax year;
13 and

14 (i) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209,
15 81-7-118, or 81-7-201.

16 (2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home
17 or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child
18 and at least one unrelated child in the ordinary course of business may deduct employment-related expenses
19 considered to have been paid for the care of the child.

20 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal
21 to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours
22 of care. The employment-related expenses apply regardless of whether any expenses actually have been paid.
23 Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).

24 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the
25 deduction under this subsection (2)."

26

27 **Section 26.** Section 15-30-136, MCA, is amended to read:

28 **"15-30-136. Computation of income of estates or trusts -- exemption.** (1) Except as otherwise
29 provided in this chapter, "gross income" of estates or trusts means all income from whatever source derived in
30 the tax year, including but not limited to the following items:

- 1 (a) dividends;
- 2 (b) interest received or accrued, including interest received on obligations of another state or territory
3 or a county, municipality, district, or other political subdivision of the state, but excluding interest income from
4 obligations of:
- 5 (i) the United States government or the state of Montana;
- 6 (ii) a school district; or
- 7 (iii) a county, municipality, district, or other political subdivision of the state;
- 8 (c) income from partnerships and other fiduciaries;
- 9 (d) gross rents and royalties;
- 10 (e) gain from sale or exchange of property, including those gains that are excluded from gross income
11 for federal fiduciary income tax purposes by section 641(c) of the Internal Revenue Code of 1954, ~~as amended~~
12 (now deleted);
- 13 (f) gross profit from trade or business; and
- 14 (g) refunds recovered on federal income tax, to the extent that the deduction of the tax resulted in a
15 reduction of Montana income tax liability.
- 16 (2) In computing net income, there are allowed as deductions:
- 17 (a) interest expenses deductible for federal tax purposes according to section 163 of the Internal
18 Revenue Code of 1954, 26 U.S.C. 163 ~~as amended~~;
- 19 (b) taxes paid or accrued within the tax year, including but not limited to federal income tax, but
20 excluding Montana income tax;
- 21 (c) that fiduciary's portion of depreciation or depletion that is deductible for federal tax purposes
22 according to sections 167, 611, and 642 of the Internal Revenue Code of 1954, 26 U.S.C. 167, 611, and 642
23 ~~as amended~~;
- 24 (d) charitable contributions that are deductible for federal tax purposes according to section 642(c) of
25 the Internal Revenue Code of 1954, 26 U.S.C. 642(c) ~~as amended~~;
- 26 (e) administrative expenses claimed for federal income tax purposes, according to sections 212 and
27 642(g) of the Internal Revenue Code of 1954, 26 U.S.C. 212 and 642(g) ~~as amended~~;
- 28 (f) losses from fire, storm, shipwreck, or other casualty or from theft, to the extent not compensated for
29 by insurance or otherwise, that are deductible for federal tax purposes according to section 165 of the Internal
30 Revenue Code of 1954, 26 U.S.C. 165 ~~as amended~~;

1 (g) net operating loss deductions allowed for federal income tax under section 642(d) of the Internal
2 Revenue Code of 1954, 26 U.S.C. 642(d), ~~as amended~~, except estates may not claim losses that are deductible
3 on the decedent's final return;

4 (h) Montana income tax refunds or tax refund credits.

5 (3) The following additional deductions are allowed in deriving taxable income of estates and trusts:

6 (a) any amount of income for the tax year currently required to be distributed to beneficiaries for the
7 year;

8 (b) any other amounts properly paid or credited or required to be distributed for the tax year.

9 (4) The exemption allowed for estates and trusts is that exemption provided in 15-30-112(2)(a) and (6)."
10

11 **Section 27.** Section 15-30-201, MCA, is amended to read:

12 **"15-30-201. Definitions.** When used in 15-30-201 through 15-30-209, the following definitions apply:

13 (1) "Agricultural labor" means all services performed on a farm or ranch in connection with cultivating
14 the soil or in connection with raising or harvesting any agricultural or horticultural commodity, including the
15 raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing
16 animals and wildlife.

17 (2) "Domestic or household service" means employment of persons other than members of the
18 household for the purpose of tending to the aid and comfort of the employer or members of the employer's
19 family, including but not limited to housecleaning and yard work, but does not include employment beyond the
20 scope of normal household or domestic duties such as home health care or domiciliary care.

21 (3) "Employee" means:

22 (a) an officer, employee, or elected public official of the United States, the state of Montana, or any
23 political subdivision of the United States or Montana or any agency or instrumentality of the United States, the
24 state of Montana, or a political subdivision of the United States or Montana;

25 (b) an officer of a corporation;

26 (c) any individual who performs services for another individual or organization having the right to control
27 the employee as to the services to be performed and as to the manner of performance;

28 (d) all classes, grades, or types of employees including minors and aliens, superintendents, managers,
29 and other supervisory personnel.

30 (4) "Employer" means:

- 1 (a) the person for whom an individual performs or performed any service, of whatever nature, as an
2 employee of the person;
- 3 (b) a person who pays \$1,000 or more in wages within the current calendar year;
- 4 (c) a person who pays \$1,000 or more in cash for domestic or household service in any quarter during
5 the current calendar year;
- 6 (d) any individual or organization, including state government and any of its political subdivisions or
7 instrumentalities, partnership, association, trust, estate, joint-stock company, insurance company, limited liability
8 company or a limited liability partnership that has filed with the secretary of state, or domestic or foreign
9 corporation or the receiver, trustee in bankruptcy, trustee or the trustee's successor, or legal representative of
10 a deceased person who has or had in its employ one or more individuals performing services for it within this
11 state; or
- 12 (e) any person found to be an employer under Title 39, chapter 51, for unemployment insurance
13 purposes is considered an employer for state income tax withholding purposes.
- 14 (5) "Independent contractor" means an individual who renders service in the course of an occupation
15 and:
- 16 (a) has been and will continue to be free from control or direction over the performance of the services,
17 both under contract and in fact; and
- 18 (b) is engaged in an independently established trade, occupation, profession, or business.
- 19 (6) "Lookback period" means the 12-month period ending the preceding June 30.
- 20 (7) (a) "Wages", unless specifically exempted under subsection (7)(b), means all remuneration for
21 services performed by an employee for the employer, including the cash value of all remuneration paid in any
22 medium other than cash, and includes but is not limited to the following:
- 23 (i) commissions, bonuses, and remuneration paid for overtime work, holidays, vacations, and sickness
24 periods;
- 25 (ii) severance or continuation pay, backpay, and any similar pay made for or in regard to previous
26 service by the employee for the employer, other than retirement or pension benefits from a qualified plan; and
- 27 (iii) except those tips that are exempted in subsection (7)(b)(v), tips or other gratuities received by the
28 employee, to the extent that the tips or gratuities are documented by the employee to the employer for tax
29 purposes.
- 30 (b) The term "wages" does not include:

- 1 (i) the amount of any payment made by the employer for employees, if the payment was made for:
2 (A) retirement or pension pursuant to a qualified plan as defined under the provisions of the Internal
3 Revenue Code;
4 (B) sickness or accident disability under a workers' compensation policy;
5 (C) medical or hospitalization expenses in connection with sickness or accident disability, including
6 health insurance for the employee or the employee's immediate family; or
7 (D) death, including life insurance for the employee or the employee's immediate family;
8 (ii) compensation in the form of meals and lodging, provided the compensation is not includable in gross
9 income for state individual income tax purposes;
10 (iii) distributions from a multiple employer welfare arrangement, as defined in 29 U.S.C. 1002(40)(A),
11 to a qualified individual employee;
12 (iv) payments made by an employee to any group plan or program to the extent that the payments are
13 not taxable for state income tax purposes;
14 (v) tips or gratuities that are in accordance with 26 U.S.C. 3402(k) or service charges that are covered
15 by 26 U.S.C. 3401 of the Internal Revenue Code of 1954, as amended and applicable on January 1, 1983,
16 received by persons for services rendered by them to patrons of premises licensed to provide food, beverage,
17 or lodging; or
18 (vi) payments that may not be taxed under federal law. (Subsection (7)(b)(v) terminates on occurrence
19 of contingency--sec. 3. Ch. 634, L. 1983.)"

- 20
21 **Section 28.** Section 15-30-301, MCA, is amended to read:
22 **"15-30-301. (Temporary) Information agents' duties.** (1) Every information agent shall make a return
23 to the department of complete information concerning the following distributions made for any individual during
24 the tax year upon which no withholding tax has been deducted:
25 (a) sums in excess of \$10 distributed as dividends, interest as defined in section 6049 of the Internal
26 Revenue Code, ~~of 1965 or as that section may be amended~~ 26 U.S.C. 6049, royalties, and payments made
27 under a retirement plan covering an owner-employee as defined in section 401(c)(3) of the Internal Revenue
28 Code, ~~of 1965 or as that section may be amended~~ 26 U.S.C. 401(c)(3);
29 (b) all interest income in excess of \$10 from obligations of another state and a county, municipality,
30 district, or other political subdivision of that state;

1 (c) interest, other than that specified in subsections (1)(a) and (1)(b), rents, salaries, wages, prizes,
 2 awards, annuities, pensions, and other fixed or determinable gains, profits, and income in excess of \$600,
 3 except interest coupons payable to the bearer;

4 (d) proceeds from real estate transactions that under rules or regulations of the ~~internal revenue service~~
 5 United States department of the treasury are required to be reported.

6 (2) The return ~~should~~ must be made under the regulations and in the form and manner prescribed by
 7 the department. For ease of reporting, the form ~~should~~ must be identical to the comparable federal form or the
 8 department may allow submission of a copy of the federal form or submission by magnetic media or in electronic
 9 format.

10 (3) Notwithstanding the provisions of 15-30-321, an information agent who fails to file a return under
 11 the provisions of subsection (1)(d) is subject only to a penalty of \$50 a return. (Terminates December 31,
 12 2004--sec. 4, Ch. 461, L. 2001.)

13 **15-30-301. (Effective January 1, 2005) Information agents' duties.** (1) Every information agent shall
 14 make a return to the department of complete information concerning the following distributions made for any
 15 individual during the taxable year upon which no withholding tax has been deducted:

16 (a) sums in excess of \$10 distributed as dividends, interest as defined in section 6049 of the Internal
 17 Revenue Code, ~~of 1965 or as that section may be amended,~~ 26 U.S.C. 6049, royalties, and payments made
 18 under a retirement plan covering an owner-employee as defined in section 401(c)(3) of the Internal Revenue
 19 Code, ~~of 1965 or as that section may be amended~~ 26 U.S.C. 401(c)(3);

20 (b) all interest income in excess of \$10 from obligations of another state and a county, municipality,
 21 district, or other political subdivision of that state;

22 (c) interest, other than that specified in subsections (1)(a) and (1)(b), rents, salaries, wages, prizes,
 23 awards, annuities, pensions, and other fixed or determinable gains, profits, and income in excess of \$600,
 24 except interest coupons payable to the bearer.

25 (2) The return ~~should~~ must be made under the regulations and in the form and manner prescribed by
 26 the department; ~~provided, however, that for~~ For ease of reporting, the form ~~shall~~ must be as nearly identical to
 27 the comparable federal form as possible."

28

29 **Section 29.** Section 15-31-102, MCA, is amended to read:

30 **"15-31-102. Organizations exempt from tax -- unrelated business income not exempt.** (1) Except

- 1 as provided in subsection (3), there may not be taxed under this title any income received by any:
- 2 (a) labor, agricultural, or horticultural organization;
- 3 (b) fraternal beneficiary, society, order, or association operating under the lodge system or for the
4 exclusive benefit of the members of a fraternity itself operating under the lodge system and providing for the
5 payment of life, sick, accident, or other benefits to the members of the society, order, or association or their
6 dependents;
- 7 (c) cemetery company owned and operated exclusively for the benefit of its members;
- 8 (d) corporation or association organized and operated exclusively for religious, charitable, scientific, or
9 educational purposes, no part of the net income of which inures to the benefit of any private stockholder or
10 individual;
- 11 (e) business league, chamber of commerce, or board of trade not organized for profit, no part of the net
12 income of which inures to the benefit of any private stockholder or individual;
- 13 (f) civic league or organization not organized for profit but operated exclusively for the promotion of
14 social welfare;
- 15 (g) club organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes,
16 no part of the net income of which inures to the benefit of any private stockholder or members;
- 17 (h) farmers' or other mutual hail, cyclone, or fire insurance company, mutual ditch or irrigation company,
18 mutual or cooperative telephone company, or similar organization of a purely local character, the income of
19 which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting
20 its expenses;
- 21 (i) cooperative association or corporation engaged in the business of operating a rural electrification
22 system or systems for the transmission or distribution of electrical energy on a cooperative basis;
- 23 (j) corporations or associations organized for the exclusive purpose of holding title to property, collecting
24 income from the property, and turning over the entire amount of the income, less expenses, to an organization
25 that itself is exempt from the tax imposed by this title;
- 26 (k) wool and sheep pool, which is an association owned and operated by agricultural producers
27 organized to market association members' wool and sheep, the income of which consists solely of assessments,
28 dues, and fees collected from members for the sole purpose of meeting its expenses. Income, for this purpose,
29 does not include expenses and money distributed to members contributing wool and sheep.
- 30 (l) corporation that qualifies as a domestic international sales corporation (DISC) under the provisions

1 of section 991, et seq., of the Internal Revenue Code, {26 U.S.C. 991, et seq.}, and that has in effect for the
 2 entire taxable year a valid election under federal law to be treated as a DISC. If a corporation makes that election
 3 under federal law, each person who at any time is a shareholder of the corporation is subject to taxation under
 4 Title 15, chapter 30, on the earnings and profits of this DISC in the same manner as provided by federal law for
 5 all periods for which the election is effective.

6 (m) farmers' market association not organized for profit, no part of the net income of which inures to the
 7 benefit of any member, but that is organized for the sole purpose of providing for retail distribution of homegrown
 8 vegetables, handicrafts, and other products either grown or manufactured by the seller;

9 (n) common trust fund as defined in section 584(a) of the Internal Revenue Code, 26 U.S.C. 584(a);

10 (o) foreign capital depository chartered under the provisions of 32-8-104, 32-8-201, and 32-8-202.

11 (2) In determining the license fee to be paid under this part, there may not be included any earnings
 12 derived from any public utility managed or operated by any subdivision of the state or from the exercise of any
 13 governmental function.

14 (3) Any unrelated business taxable income, as defined by section 512 of the Internal Revenue Code,
 15 ~~of 1954~~ (26 U.S.C. 512), as amended, earned by any exempt corporation resulting in a federal unrelated
 16 business income tax liability of more than \$100 must be taxed as other corporation income is taxed under this
 17 title. An exempt corporation subject to taxation on unrelated business income under this section shall file a copy
 18 of its federal exempt organization business income tax return on which it reports its unrelated business income
 19 with the department of revenue."

20

21 **Section 30.** Section 15-31-114, MCA, is amended to read:

22 **"15-31-114. Deductions allowed in computing income.** (1) In computing the net income, the following
 23 deductions are allowed from the gross income received by the corporation within the year from all sources:

24 (a) all the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance
 25 and operation of its business and properties, including reasonable allowance for salaries for personal services
 26 actually rendered, subject to the limitation contained in this section, and rentals or other payments required to
 27 be made as a condition to the continued use or possession of property to which the corporation has not taken
 28 or is not taking title or in which it has no equity. A deduction is not allowed for salaries paid upon which the
 29 recipient has not paid Montana state income tax. However, when domestic corporations are taxed on income
 30 derived from outside the state, salaries of officers paid in connection with securing the income are deductible.

1 (b) (i) all losses actually sustained and charged off within the year and not compensated by insurance
2 or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the
3 trade or business. The allowance is determined according to the provisions of section 167 of the Internal
4 Revenue Code in effect with respect to the taxable year. All elections for depreciation must be the same as the
5 elections made for federal income tax purposes. A deduction is not allowed for any amount paid out for any
6 buildings, permanent improvements, or betterments made to increase the value of any property or estate, and
7 a deduction may not be made for any amount of expense of restoring property or making good the exhaustion
8 of property for which an allowance is or has been made. A depreciation or amortization deduction is not allowed
9 on a title plant as defined in 33-25-105(15).

10 (ii) There is allowed as a deduction for the taxable period a net operating loss deduction determined
11 according to the provisions of 15-31-119.

12 (c) in the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance
13 for depletion and for depreciation of improvements. The reasonable allowance must be determined according
14 to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the
15 Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and
16 intangible drilling expenses for corporation license tax purposes must be the same as the elections made for
17 federal income tax purposes.

18 (d) the amount of interest paid within the year on its indebtedness incurred in the operation of the
19 business from which its income is derived. Interest may not be allowed as a deduction if paid on an indebtedness
20 created for the purchase, maintenance, or improvement of property or for the conduct of business unless the
21 income from the property or business would be taxable under this part.

22 (e) (i) taxes paid within the year, except the following:

23 (A) taxes imposed by this part;

24 (B) taxes assessed against local benefits of a kind tending to increase the value of the property
25 assessed;

26 (C) taxes on or according to or measured by net income or profits imposed by authority of the
27 government of the United States;

28 (D) taxes imposed by any other state or country upon or measured by net income or profits.

29 (ii) Taxes deductible under this part must be construed to include taxes imposed by any county, school
30 district, or municipality of this state.

1 (f) that portion of an energy-related investment allowed as a deduction under 15-32-103;

2 (g) (i) except as provided in subsection (1)(g)(ii), charitable contributions and gifts that qualify for
3 deduction under section 170 of the Internal Revenue Code, 26 U.S.C. 170, as amended.

4 (ii) The public service commission may not allow in the rate base of a regulated corporation the inclusion
5 of contributions made under this subsection.

6 (h) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209,
7 81-7-118, or 81-7-201.

8 (2) In lieu of the deduction allowed under subsection (1)(g), the taxpayer may deduct the fair market
9 value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological
10 equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited
11 postsecondary school located in Montana if:

12 (a) the contribution is made no later than 5 years after the manufacture of the donated property is
13 substantially completed;

14 (b) the property is not transferred by the donee in exchange for money, other property, or services; and

15 (c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the
16 property and representing that the use and disposition of the property will be in accordance with the provisions
17 of subsection (2)(b).

18 (3) In the case of a regulated investment company or a fund of a regulated investment company, as
19 defined in section 851(a) or ~~851(h)~~ 851(g) of the Internal Revenue Code of 1986, 26 U.S.C. 851(a) or 851(g),
20 as that section may be amended or renumbered, there is allowed a deduction for dividends paid, as defined in
21 section 561 of the Internal Revenue Code of 1986, 26 U.S.C. 561, as that section may be amended or
22 renumbered, except that the deduction for dividends is not allowed with respect to dividends attributable to any
23 income that is not subject to tax under this chapter when earned by the regulated investment company. For the
24 purposes of computing the deduction for dividends paid, the provisions of sections 852(b)(7) and 855 of the
25 Internal Revenue Code of 1986, 26 U.S.C. 852(b)(7) and 855, as those sections may be amended or
26 renumbered, apply. A regulated investment company is not allowed a deduction for dividends received as
27 defined in sections 243 through 245 of the Internal Revenue Code of 1986, 26 U.S.C. 243 through 245, as those
28 sections may be amended or renumbered."

29

30 **Section 31.** Section 15-31-150, MCA, is amended to read:

1 **"15-31-150. Credit for research expenses and research payments.** (1) (a) There is a credit against
2 taxes otherwise due under this chapter for increases in qualified research expense and basic research payments
3 for research conducted in Montana. Except as provided in this section, the credit must be determined in
4 accordance with section 41 of the Internal Revenue Code, 26 U.S.C. 41, as that section read on July 1, 1996,
5 or as subsequently amended.

6 (b) For purposes of the credit, the:

7 (i) applicable percentage specified in 26 U.S.C. 41(a) is 5%;

8 (ii) election of the alternative incremental credit allowed under 26 U.S.C. 41(c)(4) does not apply;

9 (iii) special rules in 26 U.S.C. 41(g) do not apply; and

10 (iv) termination date provided for in 26 U.S.C. 41(h)(1)(B) does not apply.

11 (2) The credit allowed under this section for a tax year may not exceed the tax liability under chapter
12 30 or 31. A credit may not be refunded if a taxpayer has tax liability less than the amount of the credit.

13 (3) The credit allowed under this section may be used as a carryback against taxes imposed under
14 chapter 30 or 31 for the 2 preceding tax years and may be used as a carryforward against taxes imposed by
15 chapter 30 or 31 for the 15 succeeding tax years. The entire amount of the credit not used in the year earned
16 must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax
17 year.

18 (4) A taxpayer may not claim a current year credit under this section after December 31, 2010. However,
19 any unused credit may be carried back or forward as provided in subsection (3).

20 (5) A corporation, an individual, a small business corporation, a partnership, a limited liability
21 partnership, or a limited liability company qualifies for the credit under this section. If the credit is claimed by a
22 small business corporation, a partnership, a limited liability partnership, or a limited liability company, the credit
23 must be attributed to the individual shareholders, partners, members, or managers in the same proportion used
24 to report income or loss for state tax purposes. The allocations in 26 U.S.C. 41(f) do not apply to this section.

25 (6) For purposes of calculating the credit, the following definitions apply:

26 (a) "Gross receipts" means:

27 (i) for a corporation that has income from business activity that is taxable only within the state, all gross
28 sales less returns of the corporation for the tax year; and

29 (ii) for a corporation that has income from business activity that is taxable both within and outside of the
30 state, only the gross sales less returns of the corporation apportioned to Montana for the tax year.

1 (b) "Qualified research" has the meaning provided in 26 U.S.C. 41(d), but is limited to research
2 conducted in Montana.

3 (c) "Qualified research expenses" has the meaning provided in 26 U.S.C. 41(b), but includes only the
4 sum of amounts paid or incurred by the taxpayer for research conducted in Montana.

5 (d) "Supplies" has the meaning provided in 26 U.S.C. ~~42(b)(2)(C)~~ 41(b)(2)(C), but includes only those
6 supplies used in the conduct of qualified research in Montana.

7 (e) "Wages" has the meaning provided in 39-51-201 and includes only those wages paid or incurred
8 for an employee for qualified services performed by the employee in Montana. For a self-employed individual
9 and an owner-employee, the term includes the income, as defined in 26 U.S.C. 401(c)(2), of the employee.

10 (7) The department shall adopt rules, prepare forms, maintain records, and perform other duties
11 necessary to implement this section. In adopting rules to implement this section, the department shall conform
12 the rules to regulations prescribed by the secretary of the treasury under 26 U.S.C. 41 except to the extent that
13 the regulations need to be modified to conform to this section."
14

15 **Section 32.** Section 15-31-404, MCA, is amended to read:

16 **"15-31-404. Offset for license taxes -- income tax collected considered license tax.** There shall
17 must be offset against the corporation income tax imposed for any period the amount of any tax imposed against
18 it the corporation for the same period under parts 1, ~~through~~ 3, and 5 of this chapter. ~~In the event that~~ If taxes,
19 interest, and penalties have been or will be assessed against, paid by, or collected from a corporation under this
20 part, ~~which~~ and the assessment, payment, or collection should have been made under parts 1, ~~through~~ 3, and
21 5 of this chapter, ~~such the~~ taxes, interest, and penalties shall must be considered as having been assessed,
22 paid, or collected under parts 1, ~~through~~ 3, and 5 as of the date they were made."
23

24 **Section 33.** Section 15-31-405, MCA, is amended to read:

25 **"15-31-405. Information return -- period for assessment of tax.** When a corporation formerly subject
26 to tax under part 1 of this chapter becomes subject to tax under this part, it shall file an information return for the
27 income year in which the change occurs. The tax for the year in which the change occurs will be assessed under
28 parts 1, ~~through~~ 3, and 5 and not under this part. For years subsequent to the year in which the change occurs,
29 the tax will be assessed under this part."
30

1 **Section 34.** Section 15-32-405, MCA, is amended to read:

2 **"15-32-405. Exclusion from other tax incentives.** If a credit is claimed for an investment pursuant to
3 this part, no other state energy or investment tax credit, including but not limited to the tax credits allowed by
4 15-30-162 and 15-31-123 through 15-31-125, may be claimed for the investment. Property tax reduction allowed
5 by 15-6-201~~(3)~~(4) may not be applied to a facility for which a credit is claimed pursuant to this part."
6

7 **Section 35.** Section 15-36-324, MCA, is amended to read:

8 **"15-36-324. (Temporary) Distribution of taxes -- rules.** (1) For each calendar quarter, the department
9 shall determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of
10 distribution of the taxes to county and school taxing units, the department shall determine the amount of oil and
11 natural gas production taxes paid on production in the taxing unit.

12 (2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as
13 follows:

14 (a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty,
15 collected under this part must be distributed as provided in subsection (9).

16 (b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount
17 allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury
18 and transferred to the county and school taxing units for distribution as provided in subsection (12).

19 (3) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
20 collected from working interest owners on qualifying production occurring during the first 12 months of production
21 must be distributed as provided in subsection (10).

22 (4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and
23 penalty, collected from working interest owners on production from horizontally completed wells occurring during
24 the first 18 months of production must be distributed as provided in subsection (10).

25 (b) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
26 collected from working interest owners on the incremental production from horizontally recompleted wells
27 occurring during the first 18 months of production must be distributed as provided in subsection (9).

28 (5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and
29 penalty, collected from working interest owners on the first 10 barrels of stripper oil production wells must be
30 distributed as provided in subsection (10).

1 (b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the amount
2 allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the state treasury
3 and transferred to the county and school taxing units for distribution as provided in subsection (12).

4 (c) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
5 collected from working interest owners on stripper well exemption production from pre-1999 wells and post-1999
6 wells must be distributed as provided in subsection (10).

7 (6) Except as provided in subsections (7) and (8), natural gas production taxes must be allocated as
8 follows:

9 (a) The amount equal to 14% of the natural gas production taxes, including late payment interest and
10 penalty, collected under this part must be distributed as provided in subsection (11).

11 (b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on the
12 amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in the state
13 treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

14 (7) The amount equal to 100% of the natural gas production taxes, including late payment interest and
15 penalty, collected from working interest owners under this part on production from wells occurring during the first
16 12 months of production must be distributed as provided in subsection (10).

17 (8) The amount equal to 100% of natural gas production taxes, including late payment interest and
18 penalty, collected from working interest owners on production from horizontally completed wells occurring during
19 the first 18 months of production must be distributed as provided in subsection (10).

20 (9) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
21 oil production taxes specified in subsections (2)(a) and (4)(b), including late payment interest and penalty
22 collected, as follows:

23 (a) 86.21% to the state general fund;

24 (b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as provided
25 in 82-11-135; and

26 (c) 8.62% to be distributed as follows:

27 (i) a total of \$400,000, including the proceeds from subsections (10)(b)(i) and (11)(c)(i), to the coal bed
28 methane protection account established in 76-15-904;

29 (ii) for the fiscal year ending June 30, 2003, all of the remaining proceeds to the state general fund;

30 (iii) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the

1 reclamation and development grants special revenue account established in 90-2-1104; and

2 (iv) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the orphan
3 share account established in 75-10-743.

4 (10) The department shall distribute the state portion of oil and natural gas production taxes specified
5 in subsections (3), (4)(a), (5)(a), (5)(c), (7), and (8), including late payment interest and penalty collected, as
6 follows:

7 (a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as provided
8 in 82-11-135; and

9 (b) 62.5% to be distributed as follows:

10 (i) a total of \$400,000, including the proceeds from subsections (9)(c)(i) and (11)(c)(i), to the coal bed
11 methane protection account established in 76-15-904;

12 (ii) for the fiscal year ending June 30, 2003, all of the remaining proceeds to the state general fund;

13 (iii) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the
14 reclamation and development grants special revenue account established in 90-2-1104; and

15 (iv) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the orphan
16 share account established in 75-10-743.

17 (11) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
18 natural gas production taxes specified in subsection (6)(a), including late payment interest and penalty collected,
19 as follows:

20 (a) 76.8% to the state general fund;

21 (b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as provided
22 in 82-11-135; and

23 (c) 14.5% to be distributed as follows:

24 (i) a total of \$400,000, including the proceeds from subsections (9)(c)(i) and (10)(b)(i), to the coal bed
25 methane protection account established in 76-15-904;

26 (ii) for the fiscal year ending June 30, 2003, all of the remaining proceeds to the state general fund;

27 (iii) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the
28 reclamation and development grants special revenue account established in 90-2-1104; and

29 (iv) for the fiscal years beginning on or after July 1, 2003, 50% of the remaining proceeds to the orphan
30 share account established in 75-10-743.

1 (12) (a) By the dates referred to in subsection (13), the department shall, except as provided in
2 subsection (12)(b), calculate and distribute oil and natural gas production taxes received under subsections
3 (2)(b), (5)(b), and (6)(b) to each eligible county in proportion to the oil and natural gas production taxes received
4 under subsections (2)(b), (5)(b), and (6)(b) that are attributable to production in that county.

5 (b) The department shall distribute 5% of the oil and natural gas production taxes received under
6 subsections (2)(b), (5)(b), and (6)(b) from pre-1999 wells to eligible counties in proportion to the underfunding
7 that would have occurred from the tax liability distribution of pre-1985 oil and natural gas production taxes for
8 production in calendar year 1997.

9 (c) Except as provided in subsection (12)(d), the county treasurer shall distribute the money received
10 under subsection (12)(b) to the taxing units that levied mills in fiscal year 1990 against calendar year 1988
11 production in the same manner that all other property tax proceeds were distributed during fiscal year 1990 in
12 the taxing unit, except that a distribution may not be made to a municipal taxing unit.

13 (d) The board of county commissioners of a county may direct the county treasurer to reallocate the
14 distribution of oil and natural gas production tax money that would have gone to a taxing unit, as provided in
15 subsection (12)(c), to another taxing unit or taxing units, other than an elementary school or high school, within
16 the county under the following conditions:

17 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing units
18 within the county in the same proportion that all other property tax proceeds were distributed in the county in
19 fiscal year 1990.

20 (ii) If the allocation in subsection (12)(d)(i) exceeds the total budget for a taxing unit, the commissioners
21 may direct the county treasurer to allocate the excess to any taxing unit within the county.

22 (e) The board of trustees of an elementary or high school district may reallocate the oil and natural gas
23 production taxes distributed to the district by the county treasurer under the following conditions:

24 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds of the
25 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year
26 1990.

27 (ii) If the allocation under subsection (12)(e)(i) exceeds the total budget for a fund, the trustees may
28 allocate the excess to any budgeted fund of the school district.

29 (f) The county treasurer shall distribute oil and natural gas production taxes received under subsection
30 (12)(a) between county and school taxing units in the relative proportions required by the levies for state, county,

1 and school district purposes in the same manner as property taxes were distributed in the preceding fiscal year.

2 (g) The allocation to the county in subsection (12)(f) must be distributed by the county treasurer in the
3 relative proportions required by the levies for county taxing units and in the same manner as property taxes were
4 distributed in the preceding fiscal year.

5 (h) The money distributed in subsection (12)(f) that is required for the county mill levies for school
6 district retirement obligations and transportation schedules must be deposited to the funds established for these
7 purposes.

8 (i) The oil and natural gas production taxes distributed under subsection (12)(c) that are required for
9 the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under
10 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer to the
11 department.

12 (j) The oil and natural gas production taxes distributed under subsection (12)(f) that are required for the
13 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under 20-9-331 and
14 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted by the county
15 treasurer to the department.

16 (k) The amount of oil and natural gas production taxes remaining after the treasurer has remitted the
17 amounts determined in subsections (12)(i) and (12)(j) is for the exclusive use and benefit of the county and
18 school taxing units.

19 (13) The department shall remit the amounts to be distributed in subsection (12) to the county treasurer
20 by the following dates:

21 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
22 gas production tax payments received for the calendar quarter ending March 31 of the current year.

23 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
24 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

25 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
26 natural gas production tax payments received for the calendar quarter ending September 30 of the previous
27 year.

28 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
29 gas production tax payments received for the calendar quarter ending December 31 of the previous calendar
30 year.

1 (14) The department shall provide to each county by May 31 of each year the amount of gross taxable
2 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
3 60%. The resulting value must be treated as taxable value for county classification purposes.

4 (15) (a) In the event that the board revises the privilege and license tax pursuant to 82-11-131, the
5 department shall, by rule, change the formula under this section for distribution of taxes collected under
6 15-36-304. The revised formula must provide for the distribution of taxes in an amount equal to the rate adopted
7 by the board for its expenses.

8 (b) Before the department adopts a rule pursuant to subsection (15)(a), it shall present the proposed
9 rule to the appropriate administrative rule review committee.

10 (16) The distribution to taxing units under this section is statutorily appropriated as provided in 17-7-502.
11 (Terminates June 30, 2011--sec. 10, Ch. 531, L. 2001; sec. 8(2), Ch. 12, Sp. L. August 2002.)

12 **15-36-324. (Effective July 1, 2011) Distribution of taxes -- rules.** (1) For each calendar quarter, the
13 department shall determine the amount of tax, late payment interest, and penalty collected under this part. For
14 purposes of distribution of the taxes to county and school taxing units, the department shall determine the
15 amount of oil and natural gas production taxes paid on production in the taxing unit.

16 (2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as
17 follows:

18 (a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty,
19 collected under this part must be distributed as provided in subsection (9).

20 (b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount
21 allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury
22 and transferred to the county and school taxing units for distribution as provided in subsection (12).

23 (3) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
24 collected from working interest owners on qualifying production occurring during the first 12 months of production
25 must be distributed as provided in subsection (10).

26 (4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and
27 penalty, collected from working interest owners on production from horizontally completed wells occurring during
28 the first 18 months of production must be distributed as provided in subsection (10).

29 (b) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
30 collected from working interest owners on the incremental production from horizontally recompleted wells

1 occurring during the first 18 months of production must be distributed as provided in subsection (9).

2 (5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and
3 penalty, collected from working interest owners on the first 10 barrels of stripper oil production wells must be
4 distributed as provided in subsection (10).

5 (b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the amount
6 allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the state treasury
7 and transferred to the county and school taxing units for distribution as provided in subsection (12).

8 (c) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
9 collected from working interest owners on stripper well exemption production from pre-1999 wells and post-1999
10 wells must be distributed as provided in subsection (10).

11 (6) Except as provided in subsections (7) and (8), natural gas production taxes must be allocated as
12 follows:

13 (a) The amount equal to 14% of the natural gas production taxes, including late payment interest and
14 penalty, collected under this part must be distributed as provided in subsection (11).

15 (b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on the
16 amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in the state
17 treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

18 (7) The amount equal to 100% of the natural gas production taxes, including late payment interest and
19 penalty, collected from working interest owners under this part on production from wells occurring during the first
20 12 months of production must be distributed as provided in subsection (10).

21 (8) The amount equal to 100% of natural gas production taxes, including late payment interest and
22 penalty, collected from working interest owners on production from horizontally completed wells occurring during
23 the first 18 months of production must be distributed as provided in subsection (10).

24 (9) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
25 oil production taxes specified in subsections (2)(a) and (4)(b), including late payment interest and penalty
26 collected, as follows:

27 (a) 86.21% to the state general fund;

28 (b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as provided
29 in 82-11-135; and

30 (c) 8.62% to be distributed as follows:

- 1 (i) 50% to the resource indemnity trust fund of the ~~nonexpendable trust~~ permanent fund type;
- 2 (ii) 25% to the reclamation and development grants special revenue account established in 90-2-1104;
- 3 and
- 4 (iii) 25% to the orphan share account established in 75-10-743.
- 5 (10) The department shall distribute the state portion of oil and natural gas production taxes specified
- 6 in subsections (3), (4)(a), (5)(a), (5)(c), (7), and (8), including late payment interest and penalty collected, as
- 7 follows:
- 8 (a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as provided
- 9 in 82-11-135; and
- 10 (b) 62.5% to be distributed as follows:
- 11 (i) 50% to the resource indemnity trust fund of the ~~nonexpendable trust~~ permanent fund type;
- 12 (ii) 25% to the reclamation and development grants special revenue account established by 90-2-1104;
- 13 and
- 14 (iii) 25% to the orphan share account established in 75-10-743.
- 15 (11) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
- 16 natural gas production taxes specified in subsection (6)(a), including late payment interest and penalty collected,
- 17 as follows:
- 18 (a) 76.8% to the state general fund;
- 19 (b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as provided
- 20 in 82-11-135; and
- 21 (c) 14.5% to be distributed as follows:
- 22 (i) 50% to the resource indemnity trust fund of the ~~nonexpendable trust~~ permanent fund type;
- 23 (ii) 25% to the reclamation and development grants special revenue account established in 90-2-1104;
- 24 and
- 25 (iii) 25% to the orphan share account established in 75-10-743.
- 26 (12) (a) By the dates referred to in subsection (13), the department shall, except as provided in
- 27 subsection (12)(b), calculate and distribute oil and natural gas production taxes received under subsections
- 28 (2)(b), (5)(b), and (6)(b) to each eligible county in proportion to the oil and natural gas production taxes received
- 29 under subsections (2)(b), (5)(b), and (6)(b) that are attributable to production in that county.
- 30 (b) The department shall distribute 5% of the oil and natural gas production taxes received under

1 subsections (2)(b), (5)(b), and (6)(b) from pre-1999 wells to eligible counties in proportion to the underfunding
2 that would have occurred from the tax liability distribution of pre-1985 oil and natural gas production taxes for
3 production in calendar year 1997.

4 (c) Except as provided in subsection (12)(d), the county treasurer shall distribute the money received
5 under subsection (12)(b) to the taxing units that levied mills in fiscal year 1990 against calendar year 1988
6 production in the same manner that all other property tax proceeds were distributed during fiscal year 1990 in
7 the taxing unit, except that a distribution may not be made to a municipal taxing unit.

8 (d) The board of county commissioners of a county may direct the county treasurer to reallocate the
9 distribution of oil and natural gas production tax money that would have gone to a taxing unit, as provided in
10 subsection (12)(c), to another taxing unit or taxing units, other than an elementary school or high school, within
11 the county under the following conditions:

12 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing units
13 within the county in the same proportion that all other property tax proceeds were distributed in the county in
14 fiscal year 1990.

15 (ii) If the allocation in subsection (12)(d)(i) exceeds the total budget for a taxing unit, the commissioners
16 may direct the county treasurer to allocate the excess to any taxing unit within the county.

17 (e) The board of trustees of an elementary or high school district may reallocate the oil and natural gas
18 production taxes distributed to the district by the county treasurer under the following conditions:

19 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds of the
20 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year
21 1990.

22 (ii) If the allocation under subsection (12)(e)(i) exceeds the total budget for a fund, the trustees may
23 allocate the excess to any budgeted fund of the school district.

24 (f) The county treasurer shall distribute oil and natural gas production taxes received under subsection
25 (12)(a) between county and school taxing units in the relative proportions required by the levies for state, county,
26 and school district purposes in the same manner as property taxes were distributed in the preceding fiscal year.

27 (g) The allocation to the county in subsection (12)(f) must be distributed by the county treasurer in the
28 relative proportions required by the levies for county taxing units and in the same manner as property taxes were
29 distributed in the preceding fiscal year.

30 (h) The money distributed in subsection (12)(f) that is required for the county mill levies for school

1 district retirement obligations and transportation schedules must be deposited to the funds established for these
2 purposes.

3 (i) The oil and natural gas production taxes distributed under subsection (12)(c) that are required for
4 the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under
5 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer to the
6 department.

7 (j) The oil and natural gas production taxes distributed under subsection (12)(f) that are required for the
8 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under 20-9-331 and
9 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted by the county
10 treasurer to the department.

11 (k) The amount of oil and natural gas production taxes remaining after the treasurer has remitted the
12 amounts determined in subsections (12)(i) and (12)(j) is for the exclusive use and benefit of the county and
13 school taxing units.

14 (13) The department shall remit the amounts to be distributed in subsection (12) to the county treasurer
15 by the following dates:

16 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
17 gas production tax payments received for the calendar quarter ending March 31 of the current year.

18 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
19 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

20 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
21 natural gas production tax payments received for the calendar quarter ending September 30 of the previous
22 year.

23 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
24 gas production tax payments received for the calendar quarter ending December 31 of the previous calendar
25 year.

26 (14) The department shall provide to each county by May 31 of each year the amount of gross taxable
27 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
28 60%. The resulting value must be treated as taxable value for county classification purposes.

29 (15) (a) In the event that the board revises the privilege and license tax pursuant to 82-11-131, the
30 department shall, by rule, change the formula under this section for distribution of taxes collected under

1 15-36-304. The revised formula must provide for the distribution of taxes in an amount equal to the rate adopted
2 by the board for its expenses.

3 (b) Before the department adopts a rule pursuant to subsection (15)(a), it shall present the proposed
4 rule to the appropriate administrative rule review committee.

5 (16) The distribution to taxing units under this section is statutorily appropriated as provided in 17-7-502."
6

7 **Section 36.** Section 15-50-205, MCA, is amended to read:

8 **"15-50-205. Tax imposed on gross receipts from public contracts.** (1) A public contractor, unless
9 the contractor constructs or works on a federal research facility, shall pay to the department of revenue a license
10 fee in a sum equal to 1% of the gross receipts, as defined in 15-50-101, from public contracts during the income
11 year in which the public contractor receives payment.

12 (2) The license fee must be computed upon the basis of the entire contract for each separate contract
13 let by any of the public bodies as ~~specified in this section~~ provided for in 15-50-206."
14

15 **Section 37.** Section 15-50-206, MCA, is amended to read:

16 **"15-50-206. Withholding license fee from payments -- refunds.** (1) The prime contractor shall
17 withhold the 1% license fee from payments to subcontractors and inform the department of revenue on
18 prescribed forms of the amount of the 1% license fee in the prime contractor's account to be allocated and
19 transferred to the subcontractor. The notification to transfer portions of the 1% license fee must be filed within
20 30 days after each payment is made to subcontractors. If any prime contractor fails to file the required allocation
21 and transfer report at the time required by or under the provisions of this chapter, a penalty computed at the rate
22 of 10% of the 1% license fee withheld from subcontractors is due from the prime contractor.

23 (2) The state, county, city, or any agency or department thereof, ~~as described in 15-50-205,~~ of the state,
24 county, or city for whom the contractor is performing public work shall withhold, in addition to other amounts
25 withheld as provided by law, 1% of all payments due the contractor and shall transmit that money to the
26 department of revenue. If the 1% of gross receipts, as defined in 15-50-101, is not withheld as provided, the
27 contractor shall make payment of these amounts to the department within 30 days after the date on which the
28 contractor receives each increment of payment for work performed by the contractor.

29 (3) Any overpayment of the 1% of gross receipts, as defined in 15-50-101, withheld or paid by any
30 contractor must be refunded by the department of revenue at the end of the income year upon written

1 application."

2

3 **Section 38.** Section 15-70-201, MCA, is amended to read:

4 **"15-70-201. (Temporary) Definitions.** As used in this part, unless the context requires otherwise, the
5 following definitions apply:

6 (1) "Agricultural use" means use of gasoline by a person who earns income while engaging in the
7 business of farming or ranching and who files farm income reports for tax purposes as required by the United
8 States internal revenue service.

9 (2) "Aviation dealer" means a person in this state engaged in the business of selling aviation fuel, either
10 from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as provided in
11 this section.

12 (3) "Aviation fuel" means gasoline or any other liquid fuel by whatever name the liquid fuel may be
13 known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all gasoline
14 or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its
15 military forces in aircraft.

16 (4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline
17 delivered into the supply tank of a motor vehicle.

18 ~~(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks,
19 gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, or gasoline imported
20 into this state and placed in storage at refineries or pipeline terminals is considered to be "distributed", for the
21 purpose of this part, at the time the gasoline is withdrawn from the tanks, refinery, or terminal storage for sale
22 or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery
23 or pipeline terminal in this state. When withdrawn from the tanks, refinery, or terminal, the gasoline may be
24 distributed only by a person who is the holder of a valid distributor's license.~~

25 ~~————(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline
26 terminals, is considered to be "distributed" after it has arrived in and is brought to rest in this state.~~

27 (5) (a) "Distributed" means the time that gasoline is withdrawn from the tanks, refinery, or terminal
28 storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to
29 another refinery or pipeline terminal in this state for:

30 (i) gasoline that is refined, produced, manufactured, or compounded in this state and placed in tanks;

- 1 (ii) gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks; or
2 (iii) gasoline imported into this state and placed in storage at refineries or pipeline terminals.
3 (b) When withdrawn from the tanks, refinery, or terminal, the gasoline may be distributed only by a
4 person who is the holder of a valid distributor's license.
5 (c) For gasoline imported into this state, other than the gasoline placed in storage at refineries or
6 pipeline terminals, the gasoline is considered to be distributed after it has arrived in and is brought to rest in this
7 state.
- 8 (6) "Distributor" means:
9 (a) a person who engages in the business in this state of producing, refining, manufacturing, or
10 compounding gasoline for sale, use, or distribution;
11 (b) a person who imports gasoline for sale, use, or distribution;
12 (c) a person who engages in the wholesale distribution of gasoline in this state and chooses to become
13 licensed to assume the Montana state gasoline tax liability;
14 (d) an exporter as defined in subsection (8);
15 (e) a dealer licensed as of January 1, 1969, except a dealer at an established airport; or
16 (f) a person in Montana who blends alcohol with gasoline.
- 17 (7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a
18 motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.
- 19 (8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle,
20 gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use,
21 or consumption beyond the boundaries of this state.
- 22 (9) (a) "Gasoline" includes:
23 (i) all products commonly or commercially known or sold as gasolines, including casinghead gasoline,
24 natural gasoline, aviation fuel, and all flammable liquids composed of a mixture of selected hydrocarbons
25 expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion
26 engines; and
27 (ii) any other type of additive when the additive is mixed or blended into gasoline, regardless of the
28 additive's classifications or uses.
- 29 (b) Gasoline does not include special fuels as defined in 15-70-301.
- 30 (10) "Import" means to receive into a person's possession or custody first after its arrival and coming

1 to rest at destination within the state of gasoline shipped or transported into this state from a point of origin
2 outside of this state other than in the fuel supply tank of a motor vehicle.

3 (11) "Importer" means a person who transports or arranges for the transportation of gasoline into
4 Montana for sale, use, or distribution in this state.

5 (12) "Improperly imported fuel" means aviation or gasoline fuel as defined in subsections (3) and (9) that:

6 (a) is consigned to a Montana destination and imported into the state without the distributor first having
7 obtained a Montana gasoline distributor license as required in 15-70-202; or

8 (b) is delivered, possessed, sold, or transferred in the state in any manner not authorized under Title
9 15, chapter 70.

10 (13) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this
11 state in whole or in part by the combustion of gasoline.

12 (14) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

13 (15) "Use" means the operation of motor vehicles upon the public roads or highways of the state or of
14 any political subdivision of the state.

15 **15-70-201. (Effective on occurrence of contingency) Definitions.** As used in this part, unless the
16 context requires otherwise, the following definitions apply:

17 (1) "Agricultural use" means use of gasoline by a person who earns income while engaging in the
18 business of farming or ranching and who files farm income reports for tax purposes as required by the United
19 States internal revenue service.

20 (2) "Aviation dealer" means a person in this state engaged in the business of selling aviation fuel, either
21 from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as provided in
22 this section.

23 (3) "Aviation fuel" means gasoline or any other liquid fuel by whatever name the liquid fuel may be
24 known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all gasoline
25 or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its
26 military forces in aircraft.

27 (4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline
28 delivered into the supply tank of a motor vehicle.

29 ~~(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks;~~
30 ~~gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, or gasoline imported~~

1 into this state and placed in storage at refineries or pipeline terminals is considered to be "distributed", for the
2 purpose of this part, at the time the gasoline is withdrawn from the tanks, refinery, or terminal storage for sale
3 or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery
4 or pipeline terminal in this state. When withdrawn from the tanks, refinery, or terminal, the gasoline may be
5 distributed only by a person who is the holder of a valid distributor's license.

6 ~~_____ (b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline~~
7 ~~terminals, is considered to be "distributed" after it has arrived in and is brought to rest in this state.~~

8 (5) (a) "Distributed" means the time that gasoline is withdrawn from the tanks, refinery, or terminal
9 storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to
10 another refinery or pipeline terminal in this state for:

11 (i) gasoline that is refined, produced, manufactured, or compounded in this state and placed in tanks;

12 (ii) gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks; or

13 (iii) gasoline imported into this state and placed in storage at refineries or pipeline terminals.

14 (b) When withdrawn from the tanks, refinery, or terminal, the gasoline may be distributed only by a
15 person who is the holder of a valid distributor's license.

16 (c) For gasoline imported into this state, other than the gasoline placed in storage at refineries or
17 pipeline terminals, the gasoline is considered to be distributed after it has arrived in and is brought to rest in this
18 state.

19 (6) "Distributor" means:

20 (a) a person who engages in the business in this state of producing, refining, manufacturing, or
21 compounding gasoline for sale, use, or distribution;

22 (b) a person who imports gasoline for sale, use, or distribution;

23 (c) a person who engages in the wholesale distribution of gasoline in this state and chooses to become
24 licensed to assume the Montana state gasoline tax liability;

25 (d) an exporter as defined in subsection (8);

26 (e) a dealer licensed as of January 1, 1969, except a dealer at an established airport; or

27 (f) a person in Montana who blends alcohol with gasoline.

28 (7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a
29 motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

30 (8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle,

1 gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use,
2 or consumption beyond the boundaries of this state.

3 (9) "Gasohol" means a fuel blend containing at least 10% alcohol, with the balance being gasoline and
4 other additives. Gasohol is also known as "E-10".

5 (10) (a) "Gasoline" includes:

6 (i) all petroleum products commonly or commercially known or sold as gasolines, including casinghead
7 gasoline, natural gasoline, aviation fuel, and all flammable liquids composed of a mixture of selected
8 hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating
9 internal combustion engines; and

10 (ii) except for alcohol blended into gasohol, any other type of additive when the additive is mixed or
11 blended into gasoline, regardless of the additive's classifications or uses.

12 (b) Gasoline does not include special fuels as defined in 15-70-301.

13 (11) "Import" means to receive into a person's possession or custody first after its arrival and coming
14 to rest at destination within the state of gasoline shipped or transported into this state from a point of origin
15 outside of this state other than in the fuel supply tank of a motor vehicle.

16 (12) "Importer" means a person who transports or arranges for the transportation of gasoline into
17 Montana for sale, use, or distribution in this state.

18 (13) "Improperly imported fuel" means aviation or gasoline fuel as defined in subsections (3) and (10)
19 that:

20 (a) is consigned to a Montana destination and imported into the state without the distributor first having
21 obtained a Montana gasoline distributor license as required in 15-70-202; or

22 (b) is delivered, possessed, sold, or transferred in the state in any manner not authorized under Title
23 15, chapter 70.

24 (14) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this
25 state in whole or in part by the combustion of gasoline.

26 (15) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

27 (16) "Use" means the operation of motor vehicles upon the public roads or highways of the state or of
28 any political subdivision of the state. (Terminates June 30 of fourth year following date of occurrence of
29 contingency--sec. 13, Ch. 568, L. 2001.)

30 **15-70-201. (Effective July 1 of fourth year following date of occurrence of contingency)**

1 **Definitions.** As used in this part, unless the context requires otherwise, the following definitions apply:

2 (1) "Agricultural use" means use of gasoline by a person who earns income while engaging in the
3 business of farming or ranching and who files farm income reports for tax purposes as required by the United
4 States internal revenue service.

5 (2) "Aviation dealer" means a person in this state engaged in the business of selling aviation fuel, either
6 from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as provided in
7 this section.

8 (3) "Aviation fuel" means gasoline or any other liquid fuel by whatever name the liquid fuel may be
9 known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all gasoline
10 or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its
11 military forces in aircraft.

12 (4) "Bulk delivery" means placing gasoline in storage or containers. The term does not mean gasoline
13 delivered into the supply tank of a motor vehicle.

14 ~~(5) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks,
15 gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks, or gasoline imported
16 into this state and placed in storage at refineries or pipeline terminals is considered to be "distributed", for the
17 purpose of this part, at the time the gasoline is withdrawn from the tanks, refinery, or terminal storage for sale
18 or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery
19 or pipeline terminal in this state. When withdrawn from the tanks, refinery, or terminal, the gasoline may be
20 distributed only by a person who is the holder of a valid distributor's license.~~

21 ~~————(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline
22 terminals, is considered to be "distributed" after it has arrived in and is brought to rest in this state.~~

23 (5) (a) "Distributed" means the time that gasoline is withdrawn from the tanks, refinery, or terminal
24 storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to
25 another refinery or pipeline terminal in this state for:

26 (i) gasoline that is refined, produced, manufactured, or compounded in this state and placed in tanks;

27 (ii) gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks; or

28 (iii) gasoline imported into this state and placed in storage at refineries or pipeline terminals.

29 (b) When withdrawn from the tanks, refinery, or terminal, the gasoline may be distributed only by a
30 person who is the holder of a valid distributor's license.

1 (c) For gasoline imported into this state, other than the gasoline placed in storage at refineries or
2 pipeline terminals, the gasoline is considered to be distributed after it has arrived in and is brought to rest in this
3 state.

4 (6) "Distributor" means:

5 (a) a person who engages in the business in this state of producing, refining, manufacturing, or
6 compounding gasoline for sale, use, or distribution;

7 (b) a person who imports gasoline for sale, use, or distribution;

8 (c) a person who engages in the wholesale distribution of gasoline in this state and chooses to become
9 licensed to assume the Montana state gasoline tax liability;

10 (d) an exporter as defined in subsection (8);

11 (e) a dealer licensed as of January 1, 1969, except a dealer at an established airport; or

12 (f) a person in Montana who blends alcohol with gasoline.

13 (7) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of a
14 motor vehicle, gasoline received from a refinery or pipeline terminal within Montana.

15 (8) "Exporter" means any person who transports, other than in the fuel supply tank of a motor vehicle,
16 gasoline received from a refinery or pipeline terminal in Montana to a destination outside Montana for sale, use,
17 or consumption beyond the boundaries of this state.

18 (9) (a) "Gasoline" includes:

19 (i) all products commonly or commercially known or sold as gasolines, including casinghead gasoline,
20 natural gasoline, aviation fuel, and all flammable liquids composed of a mixture of selected hydrocarbons
21 expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion
22 engines; and

23 (ii) any other type of additive when the additive is mixed or blended into gasoline, regardless of the
24 additive's classifications or uses.

25 (b) Gasoline does not include special fuels as defined in 15-70-301.

26 (10) "Import" means to receive into a person's possession or custody first after its arrival and coming
27 to rest at destination within the state of gasoline shipped or transported into this state from a point of origin
28 outside of this state other than in the fuel supply tank of a motor vehicle.

29 (11) "Importer" means a person who transports or arranges for the transportation of gasoline into
30 Montana for sale, use, or distribution in this state.

- 1 (12) "Improperly imported fuel" means aviation or gasoline fuel as defined in subsections (3) and (9) that:
2 (a) is consigned to a Montana destination and imported into the state without the distributor first having
3 obtained a Montana gasoline distributor license as required in 15-70-202; or
4 (b) is delivered, possessed, sold, or transferred in the state in any manner not authorized under Title
5 15, chapter 70.
- 6 (13) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this
7 state in whole or in part by the combustion of gasoline.
- 8 (14) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.
- 9 (15) "Use" means the operation of motor vehicles upon the public roads or highways of the state or of
10 any political subdivision of the state."

- 11
- 12 **Section 39.** Section 15-72-102, MCA, is amended to read:
- 13 **"15-72-102. Legislative findings and declaration of purpose.** (1) The legislature finds that the
14 restructuring of the electric utility industry in Montana implemented by Chapter 505, Laws of 1997, including the
15 unbundling of services and the provision that allows Montana customers to choose their supplier of electricity
16 and related services in a competitive market, renders the existing method of property taxation of the electric
17 utility industry an impediment to competition.
- 18 (2) The legislature further finds that the restructuring of the electric utility industry necessitates changes
19 to the existing system of property taxation that include reducing the tax rate applied to electrical generation
20 facilities and imposing a replacement tax in order to:
- 21 (a) avoid placing a supplier engaged in the business of generating, supplying, or selling electricity at
22 a competitive advantage or disadvantage;
- 23 (b) preserve the revenue base of the existing property tax system for taxing jurisdictions in the state;
- 24 (c) minimize the shift in tax burden and the imposition of a higher tax burden on consumers of electricity;
- 25 and
- 26 (d) minimize additional administrative costs and the burden of compliance.
- 27 (3) The legislature further finds that a reduction in the property tax rates applied to electrical generation
28 facilities must be replaced by a wholesale energy ~~transmission~~ transaction tax imposed on each kilowatt hour
29 of electricity transmitted in the state.
- 30 (4) The legislature further finds that existing property tax rates applied to electrical transmission and

1 distribution systems are appropriate for a regulated function.

2 (5) The legislature therefore declares that there is a compelling public need to modify the existing
3 system of property taxation of electrical generation facilities and to impose a wholesale energy transaction tax
4 on kilowatt hours of electricity transmitted in the state to ensure competitive neutrality and to provide
5 replacement revenue to taxing jurisdictions in the state."

6

7 **Section 40.** Section 16-11-101, MCA, is amended to read:

8 **"16-11-101. Legislative intent.** The legislature hereby declares that its intent in enacting 16-11-111
9 is to enable those who are subject to the taxes imposed by the federal tax laws to avail themselves of the
10 deductions respecting state and local taxes specified in section 164 of the ~~federal~~ Internal Revenue Code, ~~of~~
11 ~~1954~~ 26 U.S.C. 164, as amended, in computing their taxable income."

12

13 **Section 41.** Section 17-4-106, MCA, is amended to read:

14 **"17-4-106. Agency owed debt to receive all money collected --exception.** (1) All money collected
15 by the department on debts transferred to the department by the various agencies, except funds collected under
16 17-4-103(3), must be deposited to the account or fund of the agency to which the debt was originally owed. A
17 county shall apply a delinquent personal property tax collection by the department to the payment of the
18 taxpayer's most delinquent personal property taxes or portion of the taxes.

19 (2) Funds collected under 17-4-103(3) must be deposited in an account in the internal service fund for
20 the cost of assistance of debt collection by the department. ~~Except as provided in subsection (3), funds~~ Funds
21 deposited in excess of the amount appropriated for operation of the debt collection program must be carried
22 forward into the next fiscal year for operation of the debt collection program. Any excess carried forward into the
23 next fiscal year must be used to reduce the designated percentage of the collected proceeds charged to the
24 various agencies.

25 ~~(3) The amount of \$400,000 is transferred from the internal service fund referred to in subsection (2)~~
26 ~~to the general fund prior to June 30, 2003."~~

27

28 **Section 42.** Section 17-5-703, MCA, is amended to read:

29 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,
30 section 5, of the Montana constitution is composed of the following funds:

- 1 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
2 severance tax must be deposited;
- 3 (b) a treasure state endowment fund;
- 4 (c) a treasure state endowment regional water system fund;
- 5 (d) a coal severance tax permanent fund;
- 6 (e) a coal severance tax income fund; and
- 7 (f) a coal severance tax school bond contingency loan fund.
- 8 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
9 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
10 months and retain that amount in the coal severance tax bond fund.
- 11 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
12 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).
- 13 (3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans
14 under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b)
15 transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any
16 amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be
17 retained in the fund.
- 18 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the
19 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal
20 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12
21 months.
- 22 (4) (a) Beginning July 1, 1993, and ending June 30, ~~2013~~ 2016, the state treasurer shall quarterly
23 transfer to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund in excess
24 of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are
25 transferred pursuant to subsection (3).
- 26 (b) Beginning July 1, 1999, and ending June 30, ~~2013~~ 2016, the state treasurer shall quarterly transfer
27 to the treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond
28 fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of
29 amounts that are transferred pursuant to subsection (3).
- 30 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure

1 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
2 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
3 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
4 treasure state endowment fund.

5 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system
6 fund to the treasure state endowment regional water system special revenue account the amount of earnings,
7 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
8 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state
9 endowment regional water system special revenue account must be retained in the treasure state endowment
10 regional water system fund.

11 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
12 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
13 deposited in the coal severance tax permanent fund.

14 **17-5-703. (Effective July 1, 2003) Coal severance tax trust funds.** (1) The trust established under
15 Article IX, section 5, of the Montana constitution is composed of the following funds:

16 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
17 severance tax must be deposited;

18 (b) a treasure state endowment fund;

19 (c) a treasure state endowment regional water system fund;

20 (d) a coal severance tax permanent fund;

21 (e) a coal severance tax income fund; and

22 (f) a coal severance tax school bond contingency loan fund.

23 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
24 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
25 months and retain that amount in the coal severance tax bond fund.

26 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
27 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

28 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the
29 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax
30 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax

1 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

2 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the
3 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal
4 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12
5 months.

6 (4) (a) Until June 30, ~~2013~~ 2016, the state treasurer shall quarterly transfer to the treasure state
7 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is
8 specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to
9 subsection (3).

10 (b) Until June 30, ~~2013~~ 2016, the state treasurer shall quarterly transfer to the treasure state endowment
11 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
12 is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant
13 to subsection (3).

14 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
15 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
16 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
17 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
18 treasure state endowment fund.

19 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system
20 fund to the treasure state endowment regional water system special revenue account the amount of earnings,
21 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
22 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state
23 endowment regional water system special revenue account must be retained in the treasure state endowment
24 regional water system fund.

25 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
26 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
27 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

28 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under
29 Article IX, section 5, of the Montana constitution is composed of the following funds:

30 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal

1 severance tax must be deposited;

2 (b) a treasure state endowment fund;

3 (c) a coal severance tax permanent fund;

4 (d) a coal severance tax income fund; and

5 (e) a coal severance tax school bond contingency loan fund.

6 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
7 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
8 months and retain that amount in the coal severance tax bond fund.

9 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
10 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

11 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the
12 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax
13 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax
14 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

15 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the
16 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal
17 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12
18 months.

19 (4) (a) Until June 30, ~~2013~~ 2016, the state treasurer shall quarterly transfer to the treasure state
20 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is
21 specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to
22 subsection (3).

23 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
24 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
25 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
26 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
27 treasure state endowment fund.

28 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
29 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
30 deposited in the coal severance tax permanent fund."

- 1
- 2 **Section 43.** Section 17-5-1102, MCA, is amended to read:
- 3 **"17-5-1102. Definitions.** As used in this part, the following definitions apply:
- 4 (1) (a) "Authorized officer" means, with respect to any certificated public obligation:
- 5 (i) an individual whose signature to the certificated public obligation is required or permitted; or
- 6 (ii) an individual ~~whom~~ who may be permitted by an authorized officer ~~may~~, either alone or with the
- 7 concurrence of another or others, ~~permit to affix his~~ the individual's signature to the certificated public obligation
- 8 and who is so permitted in writing by the authorized officer with any required concurrence.
- 9 (b) "Authorized officer" means, with respect to any uncertificated public obligation, any individual
- 10 referred to in this subsection (1) as an authorized officer with respect to a certificated public obligation of the
- 11 same class or series.
- 12 (2) "Certificated public obligation" means an obligation that is:
- 13 (a) issued pursuant to a system of registration;
- 14 (b) represented by an instrument; and
- 15 (c) either one of a class or series or by its terms is divisible into a class or series of obligations.
- 16 ~~(3) "Code" means the Internal Revenue Code of 1954, as amended.~~
- 17 ~~(4)~~(3) "Facsimile seal" means the reproduction by engraving, imprinting, stamping, or other means of
- 18 the seal of the issuer, official, or official body.
- 19 ~~(5)~~(4) "Facsimile signature" means the reproduction by engraving, imprinting, stamping, or other means
- 20 of the manual signature of an authorized officer.
- 21 ~~(6)~~(5) "Financial intermediary" means a bank, broker, clearing corporation, or trust company or the
- 22 nominee of any of them or other person or nominee ~~which~~ that in the ordinary course of its business maintains
- 23 public obligation accounts for its customers.
- 24 (6) "Internal Revenue Code" has the meaning provided in 15-30-101.
- 25 (7) "Issuer" means a public entity that:
- 26 (a) executes a certificated public obligation to evidence its duty to perform an obligation represented
- 27 by the certificated public obligation;
- 28 (b) undertakes to perform an obligation that is an uncertificated public obligation; or
- 29 (c) becomes responsible for or in place of a public entity described as an issuer in this subsection (7).
- 30 (8) "Obligation" means an agreement of an issuer to pay principal and interest and includes a share,

1 participation, or other interest in ~~any such~~ the agreement.

2 (9) "Official actions" means the actions by statute, order, ordinance, resolution, contract, or other
3 authorized means by which the issuer provides for issuance of a public obligation.

4 (10) "Official or official body" means:

5 (a) the officer or body that is empowered under the laws of one or more states, including this state, to
6 provide for original issuance of a public obligation of the issuer by defining the obligation and its terms,
7 conditions, and other incidents;

8 (b) the successor or successors of ~~any such~~ the official or official body; and

9 (c) ~~such any~~ other person or group of persons as who are assigned duties of ~~such the~~ official or official
10 body under applicable law ~~from time to time~~.

11 (11) "Original issuance" means the first transfer of a public obligation by an issuer to a purchaser.

12 (12) "Public entity" means any entity, department, or agency that is empowered under the laws of one
13 or more states, including this state, to issue obligations, any interest with respect to which may under any
14 provision of law be provided an exemption from the income tax referred to in the ~~code~~ Internal Revenue Code.
15 The term "~~public entity~~" may include this state, a political subdivision, a municipal corporation, a state university
16 or college, a school district or other special district, a joint agreement entity, a public authority, a public trust, a
17 nonprofit corporation, or any other organization.

18 (13) "Public obligation" means either a certificated or an uncertificated public obligation.

19 (14) "System of registration" and its variants means a plan:

20 (a) with respect to a certificated public obligation, that provides that:

21 (i) the certificated public obligation specify a person entitled to the public obligation or the rights it
22 represents; and

23 (ii) transfer of the certificated public obligation may be registered upon books maintained for that purpose
24 by or on behalf of the issuer; and

25 (b) with respect to an uncertificated public obligation, that provides that transfer of the uncertificated
26 public obligation be registered upon books maintained for that purpose by or on behalf of the issuer.

27 (15) "Uncertificated public obligation" means an obligation that is:

28 (a) issued pursuant to a system of registration;

29 (b) not represented by an instrument; and

30 (c) either one of a class or series or by its terms divisible into a class or series of obligations."

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Section 44. Section 17-5-1103, MCA, is amended to read:

"17-5-1103. Declarations of state interest -- purposes. (1) Sections 103 and 103A of the ~~code~~ Internal Revenue Code, 26 U.S.C. 103 and 103A, provide that interest with respect to certain obligations may not be exempt from the income tax if they are not in registered form. It is therefore a matter of state concern that public entities be authorized to provide for the issuance of obligations in ~~such registered~~ form. It is a purpose of this part to authorize all public entities to establish and maintain a system pursuant to which obligations may be issued in registered form within the meaning of sections 103 and 103A of the ~~code~~ Internal Revenue Code, 26 U.S.C. 103 and 103A.

(2) Obligations have traditionally been issued in bearer rather than in registered form, and a change from bearer to registered form will significantly affect the relationships, rights, and duties of issuers of and the persons that deal with obligations and, ~~by such effect,~~ may consequently affect the costs. ~~Such~~ The effects will impact the various issuers and varieties of obligations differently, depending on their legal and financial characteristics, their markets, and their adaptability to recent and prospective technological and organizational developments. It is therefore a matter of state concern that public entities be provided flexibility in the development of systems of registration and control over system incidents, ~~so as~~ in order to accommodate differing impacts. It is a purpose of this part to provide for the establishment and maintenance, and amendment from time to time, of differing systems of registration of obligations, including system incidents, ~~so as~~ in order to accommodate the differing impacts upon issuers and varieties of obligations."

Section 45. Section 17-5-1111, MCA, is amended to read:

"17-5-1111. System of registration. (1) Each issuer is authorized to establish and regularly maintain a system of registration with respect to each public obligation that it issues. The system may be either a system pursuant to which only certificated public obligations are issued or a system pursuant to which both certificated and uncertificated public obligations are issued. The issuer may discontinue and reinstitute either system from time to time.

(2) The system must be established and regularly maintained or amended, discontinued, or reinstated for the issuer by the official or official body.

(3) The system must be described in the official actions that provide for original issuance and in subsequent official actions providing for amendments and other matters from time to time. ~~Such~~ The description

1 may be by reference to a program of the issuer that is established by the official or official body.

2 (4) The system must define the method or methods by which transfer of the public obligations is
3 effective with respect to the issuer, which method or methods are exclusive (substantial compliance being
4 essential to a valid transfer) and by which payment of principal and any interest must be made. The system may
5 permit the issuance of public obligations in any denomination to represent several public obligations of smaller
6 denominations. The system may also provide for the form of any certificated public obligations, for differing
7 record and payment dates, for varying denominations, and for accounting, canceled certificate destruction, and
8 other incidental matters.

9 (5) Under a system pursuant to which both certificated and uncertificated public obligations are issued,
10 both types of public obligations may be regularly issued or one type may be regularly issued and the other type
11 issued only under described circumstances or to particular described categories of owners. Under a system
12 pursuant to which uncertificated public obligations are regularly issued, provisions may be made for registration
13 of pledges and releases.

14 (6) The system may include covenants of the issuer as to amendments, discontinuances, and
15 reinststitutions and the effect of ~~such those covenants~~ on the exemption of interest from the income tax provided
16 for by the ~~code~~ Internal Revenue Code.

17 (7) If the effect of a conversion from one of the forms of public obligations provided for in this part to a
18 form not provided for in this part is that interest will continue to be exempt from the income tax provided for by
19 the ~~code~~ Internal Revenue Code, this part does not preclude ~~such that~~ conversion.

20 (8) To the extent not inconsistent with this part, the rights provided by other laws with respect to
21 obligations in other forms must be provided with respect to obligations in forms that may be used under this
22 part."
23

24 **Section 46.** Section 17-7-140, MCA, is amended to read:

25 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
26 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
27 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
28 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that
29 the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations
30 during the biennium. An agency may not be required to reduce general fund spending for any program, as

1 defined in each general appropriations act, by more than 10% during a biennium. Departments or agencies
2 headed by elected officials or the board of regents may not be required to reduce general fund spending by a
3 percentage greater than the percentage of general fund spending reductions required for the total of all other
4 executive branch agencies. The legislature may exempt from a reduction an appropriation item within a program
5 or may direct that the appropriation item may not be reduced by more than 10%.

6 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund
7 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall
8 direct each agency to analyze the nature of each program that receives a general fund appropriation to
9 determine whether the program is mandatory or permissive and to analyze the impact of the proposed reduction
10 in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and
11 program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The
12 office of budget and program planning shall review each agency's analysis, and the budget director shall submit
13 to the governor a copy of the office of budget and program planning's recommendations for reductions in
14 spending. The budget director shall provide a copy of the recommendations to the legislative fiscal analyst at
15 the time that the recommendations are submitted to the governor and shall provide the legislative fiscal analyst
16 with any proposed changes to the recommendations. The legislative finance committee shall meet within 20
17 days of the date that the proposed changes to the recommendations for reductions in spending are provided
18 to the legislative fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's
19 review of the proposed reductions in spending to the budget director at least 5 days before the meeting of the
20 legislative finance committee. The committee may make recommendations concerning the proposed reductions
21 in spending. The governor shall consider each agency's analysis and the recommendations of the office of
22 budget and program planning and the legislative finance committee in determining the agency's reduction in
23 spending. Reductions in spending must be designed to have the least adverse impact on the provision of
24 services determined to be most integral to the discharge of the agency's statutory responsibilities.

25 (2) Reductions in spending for the following may not be directed by the governor:

26 (a) payment of interest and principal on state debt;

27 (b) the legislative branch;

28 (c) the judicial branch;

29 (d) the school BASE funding program, including special education; and

30 (e) salaries of elected officials during their terms of office.

1 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by
 2 the budget director to the governor, by which the projected ending general fund balance for the biennium is less
 3 than 2% of the general fund appropriations for the second fiscal year of the biennium. In determining the amount
 4 of the projected general fund budget deficit, the budget director shall take into account revenue, established
 5 levels of appropriation, anticipated supplemental appropriations for school equalization aid, and anticipated
 6 reversions.

7 (b) If the budget director determines that an amount of actual or projected receipts will result in an
 8 amount less than the amount projected to be received in the revenue estimate established pursuant to ~~5-18-107~~
 9 5-5-227, the budget director shall notify the revenue and transportation interim committee of the estimated
 10 amount. Within 20 days of notification, the revenue and transportation interim committee shall provide the budget
 11 director with any recommendations concerning the amount. The budget director shall consider any
 12 recommendations of the revenue and transportation interim committee prior to certifying a projected general fund
 13 budget deficit to the governor."
 14

15 **Section 47.** Section 19-1-102, MCA, is amended to read:

16 **"19-1-102. Definitions.** For the purposes of this chapter, the following definitions apply:

17 (1) ~~The term "employee" includes~~ "Employee" means an elective or appointive officer or employee of
 18 the state or a political subdivision of the state.

19 (2) "Employee tax" means the tax imposed by section 3101 of the Internal Revenue Code, 26 U.S.C.
 20 3101, as amended.

21 ~~(2)(3) (a) The term "employment"~~ "Employment" means any service performed by an employee in the
 22 employ of the state or any political subdivision of the state for the employer, except:

23 (i) service that in the absence of an agreement entered into under this chapter would constitute
 24 ~~"employment"~~ employment as defined in the Social Security Act; or

25 (ii) service that under the Social Security Act may not be included in an agreement between the state
 26 and the secretary of health and human services entered into under this chapter.

27 (b) Service performed by civilian employees of national guard units is specifically included within the
 28 term ~~"employment"~~ employment.

29 (c) Service that under the Social Security Act may be included in an agreement only upon certification
 30 by the governor in accordance with section 218(d)(3) of that act is included in the term ~~"employment"~~

1 employment if and when the governor issues, with respect to the service, a certificate to the secretary of health
2 and human services pursuant to 19-1-304.

3 ~~(3)(4) The term "Federal Insurance Contributions Act" means subchapter A of chapter 9 of the federal~~
4 ~~Internal Revenue Code of 1939 and subchapters A and B of chapter 21 of the federal Internal Revenue Code~~
5 ~~of 1954, as the codes have been and may from time to time be amended; and the term "employee tax" means~~
6 ~~the tax imposed by section 1400 of the Code of 1939 and section 3101 of the Code of 1954 and as the codes~~
7 ~~may from time to time be amended.~~

8 ~~(4)(5) The term "political subdivision" includes~~ "Political subdivision" means an instrumentality of the
9 state, of one or more of its political subdivisions, or of the state and one or more of its political subdivisions,
10 including leagues or associations, but only if the instrumentality is a ~~juristic~~ legally constituted entity that is legally
11 separate and distinct from the state or subdivision and only if its employees are not by virtue of their relation to
12 the ~~juristic~~ entity employees of the state or subdivision. The term includes special districts or authorities created
13 by the legislature or local governments, ~~such as~~ including but not limited to school districts and housing
14 authorities.

15 ~~(5)(6) The term "secretary~~ "Secretary of health and human services" means the secretary of the United
16 States department of health and human services; ~~The term~~ includes any individual to whom the secretary of
17 health and human services has delegated any functions under the Social Security Act with respect to coverage
18 under that act of employees of states and their political subdivisions; and, with respect to any action taken prior
19 to April 11, 1953, includes the federal security administrator and any individual to whom the administrator had
20 delegated any function.

21 ~~(6)(7) The term "Social Security Act" means the act of congress approved August 14, 1935, chapter~~
22 ~~531, 49 Stat. 620, officially cited as the "Social Security Act", including regulations and requirements issued~~
23 ~~pursuant to the act, as the act has been and may be amended.~~

24 ~~(7)(8) The term "state~~ "State agency" means the department of administration provided for in 2-15-1001.

25 ~~(8)(9) The term "wages"~~ "Wages" means all remuneration for employment, including the cash value of
26 all remuneration paid in any medium other than cash, except that the term does not include that part of
27 remuneration that, even if it were for ~~"employment"~~ employment within the meaning of the Federal Insurance
28 Contributions Act, would not constitute ~~"wages"~~ wages within the meaning of that act."

29

30 **Section 48.** Section 19-2-303, MCA, is amended to read:

1 **"19-2-303. Definitions.** Unless the context requires otherwise, for each of the retirement systems
2 subject to this chapter, the following definitions apply:

3 (1) "Accumulated contributions" means the sum of all the regular and any additional contributions made
4 by a member in a defined benefit plan, together with the regular interest on the contributions.

5 (2) "Active member" means a member who is a paid employee of an employer, is making the required
6 contributions, and is properly reported to the board for the most current reporting period.

7 (3) "Actuarial cost" means the amount determined by the board in a uniform and nondiscriminatory
8 manner to represent the present value of the benefits to be derived from the additional service to be credited
9 based on the most recent actuarial valuation for the system and the age, years until retirement, and current
10 salary of the member.

11 (4) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality
12 table and interest rate assumptions adopted by the board.

13 (5) "Actuarial liabilities" means the excess of the present value of all benefits payable under a defined
14 benefit retirement plan over the present value of future normal costs in that retirement plan.

15 (6) "Actuary" means the actuary retained by the board in accordance with 19-2-405.

16 (7) "Additional contributions" means contributions made by a member of a defined benefit plan to
17 purchase various types of optional service credit as allowed by the applicable retirement plan.

18 (8) "Annuity" means:

19 (a) in the case of a defined benefit plan, equal and fixed payments for life that are the actuarial
20 equivalent of a lump-sum payment under a retirement plan and as such are not benefits paid by a retirement
21 plan and are not subject to periodic or one-time increases; or

22 (b) in the case of the defined contribution plan, a payment of a fixed sum of money at regular intervals.

23 (9) "Benefit" means:

24 (a) the service or disability retirement or survivorship benefit payment provided by a defined benefit
25 retirement plan; or

26 (b) a payment or distribution under the defined contribution retirement plan, including a disability
27 payment under 19-3-2141, for the exclusive benefit of a plan member or the member's beneficiary or an annuity
28 purchased under 19-3-2124.

29 (10) "Board" means the public employees' retirement board provided for in 2-15-1009.

30 (11) "Contingent annuitant" means a person designated to receive a continuing monthly benefit after

1 the death of a retired member.

2 (12) "Covered employment" means employment in a covered position.

3 (13) "Covered position" means a position in which the employee must be a member of the retirement
4 system except as otherwise provided by law.

5 (14) "Credited service" or "service credit" means the periods of time for which the required contributions
6 have been made to a retirement plan and that are used to calculate service or disability retirement or
7 survivorship benefits under a defined benefit retirement plan.

8 (15) "Defined benefit retirement plan" or "defined benefit plan" means a plan within the retirement
9 systems provided for pursuant to 19-2-302 that is not the defined contribution retirement plan.

10 (16) "Defined contribution retirement plan" or "defined contribution plan" means the plan within the public
11 employees' retirement system established in 19-3-103 that is provided for in chapter 3, part 21, of this title and
12 that is not a defined benefit plan.

13 (17) "Department" means the department of administration.

14 (18) "Designated beneficiary" means the person designated by a member or payment recipient to
15 receive any survivorship benefits, lump-sum payments, or benefit from a retirement account upon the death of
16 the member or payment recipient, including annuities derived from the benefits or payments.

17 (19) "Disability" means a total inability of the member to perform the member's duties by reason of
18 physical or mental incapacity. The disability must be incurred while the member is an active member and must
19 be one of permanent duration or of extended and uncertain duration, as determined by the board on the basis
20 of competent medical opinion.

21 (20) "Employee" means a person who is employed by an employer in any capacity and whose salary
22 is being paid by the employer or a person for whom an interlocal governmental entity is responsible for paying
23 retirement contributions pursuant to 7-11-105.

24 (21) "Employer" means a governmental agency participating in a retirement system enumerated in
25 19-2-302 on behalf of its eligible employees. The term includes an interlocal governmental entity identified as
26 responsible for paying retirement contributions pursuant to 7-11-105.

27 (22) "Essential elements of the position" means fundamental job duties. An element may be considered
28 essential because of but not limited to the following factors:

29 (a) the position exists to perform the element;

30 (b) there are a limited number of employees to perform the element; or

1 (c) the element is highly specialized.

2 (23) "Fiscal year" means a plan year, which is any year commencing with July 1 and ending the following
3 June 30.

4 (24) "Inactive member" means a member who is not an active or retired member.

5 (25) "Internal Revenue Code" means the federal Internal Revenue Code of 1954 or 1986, as applicable
6 to a retirement system, as that code provided on July 1, 1999 has the meaning provided in 15-30-101.

7 (26) "Member" means either:

8 (a) a person with accumulated contributions and service credited with a defined benefit retirement plan
9 or receiving a retirement benefit on account of the person's previous service credited in a retirement system; or

10 (b) a person with a retirement account in the defined contribution plan.

11 (27) "Membership service" means the periods of service that are used to determine eligibility for
12 retirement or other benefits.

13 (28) "Normal cost" or "future normal cost" means an amount calculated under an actuarial cost method
14 required to fund accruing benefits for members of a defined benefit retirement plan during any year in the future.
15 Normal cost does not include any portion of the supplemental costs of a retirement plan.

16 (29) "Normal retirement age" means the age at which a member is eligible to immediately receive a
17 retirement benefit based on the member's age, length of service, or both, as specified under the member's
18 retirement system, without disability and without an actuarial or similar reduction in the benefit.

19 (30) "Pension" means benefit payments for life derived from contributions to a retirement plan made from
20 state- or employer-controlled funds.

21 (31) "Pension trust fund" means a fund established to hold the contributions, income, and assets of a
22 retirement system or plan in public trust.

23 (32) "Plan choice rate" means the amount of the employer contribution as a percentage of payroll
24 covered by the defined contribution plan members that is allocated to the public employees' retirement system's
25 defined benefit plan pursuant to 19-3-2117 and that is adjusted by the board pursuant to 19-3-2121 to actuarially
26 fund the unfunded liabilities and the normal cost rate changes in a defined benefit plan resulting from member
27 selection of the defined contribution plan.

28 (33) "Regular contributions" means contributions required from members under a retirement plan.

29 (34) "Regular interest" means interest at rates set from time to time by the board.

30 (35) "Retirement" or "retired" means the status of a member who has been terminated from service for

1 at least 30 days and has received and accepted a retirement benefit from a retirement plan.

2 (36) "Retirement account" means an individual account within the defined contribution retirement plan
3 for the deposit of employer and employee contributions and other assets for the exclusive benefit of a member
4 of the defined contribution plan or the member's beneficiary.

5 (37) "Retirement benefit" means:

6 (a) in the case of a defined benefit plan, the periodic benefit payable as a result of service, early, or
7 disability retirement under a defined benefit plan of a retirement system. With respect to a defined benefit plan,
8 the term does not mean an annuity.

9 (b) in the case of the defined contribution plan, a benefit as defined in subsection (9)(b).

10 (38) "Retirement plan" or "plan" means either a defined benefit plan or a defined contribution plan under
11 one of the public employee retirement systems enumerated in 19-2-302.

12 (39) "Retirement system" or "system" means one of the public employee retirement systems enumerated
13 in 19-2-302.

14 (40) "Service" means employment of an employee in a position covered by a retirement system.

15 (41) "Statutory beneficiary" means the surviving spouse or dependent child or children of a member of
16 the highway patrol officers', municipal police officers', or firefighters' unified retirement system who are statutorily
17 designated to receive benefits upon the death of the member.

18 (42) "Supplemental cost" means an element of the total actuarial cost of a defined benefit retirement plan
19 arising from benefits payable for service performed prior to the inception of the retirement plan or prior to the
20 date of contribution rate increases, changes in actuarial assumptions, actuarial losses, or failure to fund or
21 otherwise recognize normal cost accruals or interest on supplemental costs. These costs are included in the
22 unfunded actuarial liabilities of the retirement plan.

23 (43) "Survivorship benefit" means payments for life to the statutory or designated beneficiary of a
24 deceased member who died while in service under a defined benefit retirement plan.

25 (44) "Termination of employment" or "termination of service" means that the member has severed the
26 employment relationship with the employer and has been paid all compensation due upon termination of
27 employment, including but not limited to payment of accrued annual leave credits, as provided in 2-18-617, and
28 payment of accrued sick leave credits, as provided in 2-18-618. For purposes of this subsection, compensation
29 as a result of legal action, court order, appeal, or settlement to which the board was not party is not a payment
30 due upon termination.

1 (45) "Unfunded actuarial liabilities" or "unfunded liabilities" means the excess of a defined benefit
2 retirement plan's actuarial liabilities at any given point in time over the value of its cash and investments on that
3 same date.

4 (46) "Vested account" means an individual account within a defined contribution plan that is for the
5 exclusive benefit of a member or the member's beneficiary. A vested account includes all contributions and the
6 income on all contributions in each of the following accounts: the member's contribution account, the vested
7 portion of the employer's contribution account, and the member's account for other contributions.

8 (47) "Vested member" or "vested" means:

9 (a) with respect to a defined benefit plan, a member or the status of a member who has attained the
10 minimum membership service requirements to be eligible for retirement benefits under the retirement plan; or

11 (b) with respect to the defined contribution plan, a member or the status of a member who meets the
12 minimum membership service requirement of 19-3-2116.

13 (48) "Written application" or "written election" means a written instrument, prescribed by the board or
14 required by law, properly signed and filed with the board, that contains all required information, including
15 documentation that the board considers necessary."
16

17 **Section 49.** Section 19-2-405, MCA, is amended to read:

18 **"19-2-405. Employment of actuary -- biennial investigation and valuation.** (1) The board shall retain
19 a competent actuary who is an enrolled member of the American academy of actuaries and who is familiar with
20 public systems of pensions. The actuary is the technical advisor of the board on matters regarding the operation
21 of the retirement systems.

22 (2) The board shall require the actuary to make a biennial actuarial investigation into the suitability of
23 the actuarial tables used by the retirement systems and an actuarial valuation of the assets and liabilities of each
24 defined benefit plan that is a part of the retirement systems.

25 (3) The normal cost contribution rate, which is funded by required employee contributions and a portion
26 of the required employer contributions to each defined benefit retirement plan, must be calculated as the level
27 percentage of members' salaries that will actuarially fund benefits payable under a retirement plan as those
28 benefits accrue in the future.

29 (4) (a) The unfunded liability contribution rate, which is entirely funded by a portion of the required
30 employer contributions to the retirement plan, must be calculated as the level percentage of current and future

1 defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan
2 over a reasonable period of time, not to exceed 30 years, as determined by the board.

3 (b) In determining the amortization period under subsection (4)(a) for the public employees' retirement
4 system's defined benefit plan, the actuary shall take into account the plan choice rate contributions to be made
5 to the defined benefit plan pursuant to 19-3-2117 and 19-21-203~~(5)(b)~~.

6 (5) The board shall require the actuary to conduct a periodic actuarial investigation into the actuarial
7 experience of the retirement systems and plans.

8 (6) The board may require the actuary to conduct any valuation necessary to administer the retirement
9 systems and the plans subject to this chapter."

10

11 **Section 50.** Section 19-2-408, MCA, is amended to read:

12 **"19-2-408. Administrative expenses.** (1) The legislature finds that proper administration of the pension
13 trust funds benefits both employers and members and continues to benefit members after retirement.

14 (2) (a) The administrative expenses of the retirement systems administered by the board must be paid
15 from the investment earnings on the pension trust fund of the public employees' retirement system's defined
16 benefit plan, except as otherwise provided in this section. The board shall compute the administrative expenses
17 attributable to each retirement system or plan administered by the board and transfer that amount from each
18 retirement system's or plan's pension trust fund to the pension trust fund of the public employees' retirement
19 system's defined benefit plan in a manner that ensures that the public employees' retirement system's defined
20 benefit plan trust fund is fully compensated for expenditures made on behalf of other systems or plans so that
21 there is no actuarial impact on the fund.

22 (b) The total administrative expenses of the board, including the administration of the volunteer
23 firefighters' pension plan, may not exceed 1.5% of the total defined benefit plan retirement benefits paid.

24 (3) For purposes of calculating the percentage specified in subsection (2)(b), administrative expenses
25 do not include:

26 (a) expenditures to purchase intangible assets for plan administration;

27 (b) expenses of the defined contribution plan; or

28 (c) expenditures of funds allocated under 19-3-112(1)(b) ~~or (1)(e)~~ to the education fund established in
29 19-3-112(1)(a).

30 (4) The administrative expenses of the defined contribution plan must be paid, as provided in

1 19-3-2105, from assets of the defined contribution plan."

2

3 **Section 51.** Section 19-3-2117, MCA, is amended to read:

4 **"19-3-2117. Allocation of contributions and forfeitures.** (1) Each plan member's retirement account
5 must be credited with the employee contributions made under 19-3-315.

6 (2) Subject to adjustment by the board as provided in 19-3-2121, beginning on the plan's effective date,
7 of the employer contributions under 19-3-316, an amount equal to:

8 (a) 4.19% of compensation must be allocated to the member's retirement account;

9 (b) 2.37% of compensation must be allocated to the defined benefit plan as the plan choice rate; and

10 (c) 0.04% of compensation must be allocated to the education fund as provided in 19-3-112~~(4)(e)~~(1)(b).

11 (3) Subject to adjustment by the board pursuant to 19-3-2121(6) and beginning on the plan's effective
12 date, of the employer contributions under 19-3-316, 0.3% of compensation must be allocated to the long-term
13 disability plan trust fund established pursuant to 19-3-2141.

14 (4) Forfeitures of employer contributions and investment income on the employer contributions may not
15 be used to increase a member's retirement account. The board shall allocate the forfeitures under 19-3-2116
16 to meet the plan's administrative expenses, including startup expenses."

17

18 **Section 52.** Section 19-5-902, MCA, is amended to read:

19 **"19-5-902. Election -- guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on
20 January 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient
21 who is eligible under subsection (3) must be increased by 3%.

22 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more
23 adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,
24 then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%
25 in the benefit paid since the preceding January.

26 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
27 adjustments not provided for in this section and the increases amount to more than a 3% annualized increase,
28 then the benefit increase provided under this section must be 0%.

29 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided
30 for in this section if:

- 1 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in which
2 the adjustment is to be made; and
- 3 (b) the member either:
- 4 (i) first became an active member on or after July 1, 1997; or
- 5 (ii) filed a voluntary, irrevocable election to be covered under this section. The election:
- 6 (A) must be filed with the board prior to December 1, 2001; and
- 7 (B) requires an active member to pay an increased or revised contribution rate from January 1, 2002,
8 forward.
- 9 (4) The board shall adopt rules to administer the provisions of this section.
- 10 (5) The decision of a member who elected to participate under 19-5-901 remains valid. The decision
11 of a member who elected not to participate under 19-5-901 may be reversed under this section."
12

13 **Section 53.** Section 19-6-711, MCA, is amended to read:

14 **"19-6-711. Election -- guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on
15 January 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient
16 who is eligible under subsection (3) must be increased by 3%.

17 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more
18 adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,
19 then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%
20 in the benefit paid since the preceding January.

21 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
22 adjustments not provided for in this section and the increases amount to more than a 3% annualized increase,
23 then the benefit increase provided under this section must be 0%.

24 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided
25 for in this section if:

- 26 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in which
27 the adjustment is to be made; and
- 28 (b) the member either:
- 29 (i) first became an active member on or after July 1, 1997; or
- 30 (ii) filed a voluntary, irrevocable election to be covered under this section. The election:

- 1 (A) must be filed with the board prior to December 1, 2001; and
2 (B) requires an active member to pay an increased or revised contribution rate from January 1, 2002,
3 forward.
4 (4) The board shall adopt rules to administer the provisions of this section.
5 (5) The decision of a member who elected to participate under 19-6-710 remains valid. The decision
6 of a member who elected not to participate under 19-6-710 may be reversed under this section."

7
8 **Section 54.** Section 19-9-1013, MCA, is amended to read:

9 **"19-9-1013. Extended election -- guaranteed annual benefit adjustment.** (1) Subject to subsection
10 (2), on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
11 recipient who is eligible under subsection (3) must be increased by 3%.

12 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more
13 adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,
14 then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%
15 in the benefit paid since the preceding January.

16 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
17 adjustments not provided for in this section and the increases amount to more than a 3% annualized increase,
18 then the benefit increase provided under this section must be 0%.

19 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided
20 for in this section if:

21 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in which
22 the adjustment is to be made; and

23 (b) the member either:

24 (i) first became an active member on or after July 1, 1997; or

25 (ii) filed a voluntary, irrevocable election to be covered under this section. The election:

26 (A) must be filed with the board prior to December 1, 2001; and

27 (B) requires an active member to pay an increased or revised contribution rate from January 1, 2002,
28 forward.

29 (4) The board shall adopt rules to administer the provisions of this section.

30 (5) The decision of a member who elected to participate under 19-9-1009 or 19-9-1010 remains valid.

1 The decision of a member who elected not to participate under 19-9-1009 and 19-9-1010 may be reversed under
2 this section."

3

4 **Section 55.** Section 19-9-1204, MCA, is amended to read:

5 **"19-9-1204. Eligibility -- participation criteria -- membership status -- service interruptions.** (1) Any
6 member eligible to retire under 19-9-801~~(2)~~(1) is eligible and may elect to participate in the DROP by filing a
7 one-time irrevocable election with the board on a form prescribed by the board.

8 (2) A member electing to participate in the DROP shall participate for a minimum of 1 month and may
9 not participate for more than 5 years.

10 (3) A member may participate in the DROP only once.

11 (4) A participant remains a member of the retirement system, but may not receive membership service
12 or service credit in the system for the duration of the member's DROP period.

13 (5) If participation is interrupted by military service or disability and the participant has not received any
14 distribution from the DROP, then the duration of the absence may not be included in calculating the DROP
15 period."

16

17 **Section 56.** Section 19-13-1011, MCA, is amended to read:

18 **"19-13-1011. Election -- guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on
19 January 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient
20 who is eligible under subsection (3) must be increased by 3%.

21 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more
22 adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,
23 then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%
24 in the benefit paid since the preceding January.

25 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
26 adjustments not provided for in this section and the increases amount to more than a 3% annualized increase,
27 then the benefit increase provided under this section must be 0%.

28 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided
29 for in this section if:

30 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in which

- 1 the adjustment is to be made; and
- 2 (b) the member either:
- 3 (i) first became an active member on or after July 1, 1997; or
- 4 (ii) filed a voluntary, irrevocable election to be covered under this section. The election:
- 5 (A) must be filed with the board prior to December 1, 2001; and
- 6 (B) requires an active member to pay an increased or revised contribution rate from January 1, 2002,
- 7 forward.
- 8 (4) The board shall adopt rules to administer the provisions of this section.
- 9 (5) The decision of a member who elected to participate under 19-13-1010 remains valid. The decision
- 10 of a member who elected not to participate under 19-13-1010 may be reversed under this section."

11

12 **Section 57.** Section 19-20-101, MCA, is amended to read:

13 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise, the

14 following definitions apply:

15 (1) "Accumulated contributions" means the sum of all the amounts deducted from the compensation

16 of a member or paid by a member and credited to the member's individual account in the annuity savings fund,

17 together with interest. Regular interest must be computed and allowed to provide a benefit at the time of

18 retirement.

19 (2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality

20 table and interest rate assumption set by the retirement board.

21 (3) "Average final compensation" means the average of a member's earned compensation during the

22 3 consecutive years of full-time service or as provided under 19-20-805 that yield the highest average and on

23 which contributions have been made as required by 19-20-602. If amounts defined in subsection (6)(b) have

24 been converted by an employer to earned compensation for all members and have been continuously reported

25 as earned compensation in a like amount for at least the 5 fiscal years preceding the member's retirement, the

26 amounts may be included in the calculation of average final compensation. If amounts defined in subsection

27 (6)(b) have been reported as earned compensation for less than 5 fiscal years or if the member has been given

28 the option to have amounts reported as earned compensation, any amounts reported in the 3-year period that

29 constitute average final compensation must be included in average final compensation as provided under

30 19-20-716(1)(b).

1 (4) "Beneficiary" means one or more persons formally designated by a member, retiree, or benefit
2 recipient to receive a retirement allowance or payment upon the death of the member, retiree, or benefit
3 recipient.

4 (5) "Creditable service" is that service defined by 19-20-401.

5 (6) (a) "Earned compensation" means, except as limited by 19-20-715, remuneration, exclusive of
6 maintenance, allowance, and expenses, paid for services by a member out of funds controlled by an employer
7 before any pretax deductions allowed under the Internal Revenue Code are deducted from the member's
8 compensation.

9 (b) Earned compensation does not mean:

10 (i) direct employer premium payments on behalf of members for health or dependent care expense
11 accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any
12 other insurance;

13 (ii) any direct employer payment or reimbursement for:

14 (A) professional membership dues;

15 (B) maintenance;

16 (C) housing;

17 (D) day care;

18 (E) automobile, travel, lodging, or entertaining expenses; or

19 (F) any similar payment for any form of maintenance, allowance, or expenses;

20 (iii) the imputed value of health, life, or disability insurance or any other fringe benefits; or

21 (iv) any noncash benefit provided by an employer to or on behalf of an employee.

22 (c) Unless included pursuant to 19-20-716, earned compensation does not include termination pay.

23 (d) Adding a direct employer-paid or noncash benefit to an employee's contract or subtracting the same
24 or like amount as a pretax deduction is considered a fringe benefit and not earned compensation.

25 (e) Earned compensation does not include:

26 (i) compensation paid to a member from a plan for the deferral of compensation under section 457(f)
27 of the Internal Revenue Code, 26 U.S.C. 457(f);

28 (ii) payment for sick, annual, or other types of leave that is allowed to a member and that is accrued in
29 excess of that normally allowed; or

30 (iii) incentive or bonus payments paid to a member that are not part of a series of annual payments.

1 (7) "Employer" means the state of Montana, the trustees of a district, or any other agency or subdivision
2 of the state that employs a person who is designated a member of the retirement system.

3 (8) "Full-time service" means service that is full-time and that extends over a normal academic year of
4 at least 9 months. With respect to those members employed by the office of the superintendent of public
5 instruction, any other state agency or institution, or the office of a county superintendent, full-time service means
6 service that is full-time and that totals at least 9 months in any year.

7 (9) "Internal Revenue Code" ~~means the federal Internal Revenue Code of 1954 or 1986, as applicable~~
8 ~~to a governmental plan, as the code provided on July 1, 1999~~ has the meaning provided in 15-30-101.

9 (10) "Member" means a person who has an individual account in the annuity savings fund. An active
10 member is a person included under the provisions of 19-20-302. An inactive member is a person included under
11 the provisions of 19-20-303.

12 (11) "Normal retirement age" means an age no earlier than the age at which the member is eligible to
13 retire:

14 (a) by virtue of age, length of service, or both;

15 (b) without disability; and

16 (c) with the right to receive immediate retirement benefits without actuarial or similar reduction in the
17 benefits because of retirement before a specified age.

18 (12) "Part-time service" means service that is less than full-time or that totals less than 180 days in a
19 normal academic year. Part-time service must be credited in the proportion that the actual time worked
20 compares to full-time service.

21 (13) "Prior service" means employment of the same nature as service but rendered before September
22 1, 1937.

23 (14) "Regular interest" means interest at a rate set by the retirement board in accordance with
24 19-20-501(2).

25 (15) "Retired member" means a person who has terminated employment that qualified the person for
26 membership under 19-20-302 and who has received at least one monthly retirement benefit paid pursuant to
27 this chapter.

28 (16) "Retirement allowance" means a monthly payment due to a person who has qualified for service
29 or disability retirement or due to a beneficiary as provided in 19-20-1001.

30 (17) "Retirement board" or "board" means the retirement system's governing board provided for in

1 2-15-1010.

2 (18) "Retirement system", "system", or "plan" means the teachers' retirement system of the state of
3 Montana provided for in 19-20-102.

4 (19) "Service" means the performance of instructional duties or related activities that would entitle the
5 person to active membership in the retirement system under the provisions of 19-20-302.

6 (20) "Termination" or "terminate" means that the member has severed the employment relationship with
7 the member's employer and that all, if any, payments due upon termination of employment, including but not
8 limited to accrued sick and annual leave balances, have been paid to the member.

9 (21) (a) "Termination pay" means any form of bona fide vacation leave, sick leave, severance pay,
10 amounts provided under a window or early retirement incentive plan, or other payments contingent on the
11 employee terminating employment and on which employee and employer contributions have been paid as
12 required by 19-20-716.

13 (b) Termination pay does not include:

14 (i) amounts that are not wages under section 3121 of the Internal Revenue Code, determined without
15 regard to the wage base limitation; and

16 (ii) amounts that are payable to a member from a plan for the deferral of compensation under section
17 457(f) of the Internal Revenue Code, 26 U.S.C. 457(f).

18 (22) "Vested" means that a member has been credited with at least 5 full years of membership service
19 upon which contributions have been made, as required by 19-20-602 and 19-20-605, and who has a right to a
20 future retirement benefit.

21 (23) "Written application" or "written election" means a written instrument, required by statute or the rules
22 of the board, properly signed, and filed with the board, that contains all the required information, including
23 documentation that the board considers necessary."
24

25 **Section 58.** Section 19-21-203, MCA, is amended to read:

26 **"19-21-203. Contributions -- supplemental and plan choice rate contributions.** The following
27 provisions apply to program participants not otherwise covered under 19-21-214:

28 (1) Each program participant shall contribute an amount equal to the member's contribution required
29 under 19-20-602. The board of regents shall contribute an amount that, when added to the participant's
30 contribution, is equal to 12% of the participant's earned compensation.

1 (2) (a) The board of regents may:

2 (i) reduce the participant's contribution rate established in subsection (1) to an amount not less than 6%
3 of the participant's earned compensation; and

4 (ii) increase the employer's contribution rate to an amount not greater than 6% of the participant's earned
5 compensation.

6 (b) The sum of the participant's and employer's contributions made under subsection (2)(a) must remain
7 at 12% of the participant's earned compensation.

8 (3) The board of regents shall determine whether the participant's contribution is to be made by salary
9 reduction under section 403(b) of the Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 403(b), as amended, or by
10 employer pickup under section 414(h)(2) of that code, 26 U.S.C. 414(h)(2), as amended.

11 (4) The disbursing officer of the employer or other official designated by the board of regents shall pay
12 both the participant's contribution and the appropriate portion of the board of regents' contribution to the
13 designated company or companies for the benefit of the participant.

14 (5) The board of regents shall make the supplemental contributions to the teachers' retirement system,
15 as provided in 19-20-621, to discharge the obligation incurred by the Montana university system for the past
16 service liability incurred by active, inactive, and retired members of the teachers' retirement system."
17

18 **Section 59.** Section 19-21-214, MCA, is amended to read:

19 **"19-21-214. Contributions and allocations for employees in positions covered under the public**
20 **employees' retirement system.** (1) The contribution rates for employees in positions covered under the public
21 employees' retirement system who elect to become program members pursuant to 19-3-2112 are as follows:

22 (a) the member's contribution rate must be the rate provided in 19-3-315; and

23 (b) the employer's contribution rate must be the rate provided in 19-3-316.

24 (2) Subject to subsection (3), the employer's contribution under subsection (1)(b) must be allocated as
25 follows:

26 (a) 4.49% of compensation must be allocated to the participant's program account;

27 (b) 2.37% of compensation must be allocated to the defined benefit plan under the public employees'
28 retirement system as the plan choice rate; and

29 (c) 0.04% of compensation must be allocated to the education fund pursuant to 19-3-112~~(1)(e)~~(1)(b).

30 (3) The allocations under subsection (2) are subject to adjustment by the public employees' retirement

1 board, but only as described in and in a manner consistent with the express provisions of 19-3-2121."

2

3 **Section 60.** Section 19-50-102, MCA, is amended to read:

4 **"19-50-102. Deferred compensation programs permitted -- rules.** (1) The state or a political
5 subdivision may establish deferred compensation plans that are eligible under section 457 of the Internal
6 Revenue Code, ~~of 1954~~ (26 U.S.C. 457), as amended or ~~superseded~~, and in compliance with regulations of the
7 U.S. department of the treasury. Eligible deferred compensation plans for employees may be established in
8 addition to any retirement, pension, or other benefit plan administered by the state or a political subdivision.

9 (2) An employee may enter into a written agreement with the state or a political subdivision to defer a
10 part of the employee's compensation to one or more of the investment options provided in subsection (4) for the
11 purpose of investment as provided by this chapter. The total amount deferred may not exceed the employee's
12 annual salary and may not exceed the amounts permitted under applicable sections of the Internal Revenue
13 Code.

14 (3) Compensation deferred pursuant to this chapter is included as compensation for the purpose of
15 computing retirement or pension benefits.

16 (4) The board or an appropriate officer of a political subdivision shall from time to time select the type
17 of investment options and the financial institutions or entities in which state or political subdivision employee
18 deferred compensation plan funds may be invested. The board or an appropriate officer of a political subdivision
19 shall notify affected plan members of potential changes in investment options and financial institutions before
20 the changes are made. The investment options and entities may include:

21 (a) a state deferred compensation investment fund established pursuant to Title 17 for the purpose of
22 administering a state-invested deferred compensation plan. All contributions made by participants in the state
23 deferred compensation investment fund and all interest or increase in the fund must be credited to the fund.
24 These state-invested funds may be commingled with other state investment funds, but separate accounting must
25 be maintained. The assets of the fund must be maintained for the benefit of participants and may not be diverted
26 except for paying the reasonable expenses for administering the state deferred compensation investment fund.

27 (b) savings accounts in federally insured financial institutions;

28 (c) life insurance contracts and fixed annuity and variable annuity contracts from companies that are
29 licensed to do business in the state and subject to regulation by the insurance commissioner;

30 (d) investment funds managed pursuant to investment services contracts maintained by the board or

1 an appropriate officer of a political subdivision with investment managers registered with the United States
2 securities and exchange commission;

3 (e) mutual funds provided through contracts maintained by the board or an appropriate officer of a
4 political subdivision with mutual fund companies regulated by the United States securities and exchange
5 commission; or

6 (f) a combination of the items in subsections (4)(a) through (4)(e).

7 (5) The deferred compensation plan funds invested pursuant to this section and the income from those
8 funds must be held in a trust, custodial account, or insurance contract for the exclusive benefit of participants
9 and their beneficiaries.

10 (6) The administrator may allocate any necessary costs against the assets and interest earnings
11 accumulated in funds, accounts, or contracts established under this chapter.

12 (7) The board or appropriate officer of a political subdivision shall promulgate rules not inconsistent with
13 this chapter for the proper administration of deferred compensation plans established under this chapter."
14

15 **Section 61.** Section 19-50-103, MCA, is amended to read:

16 "**19-50-103. No effect on other retirement programs -- taxes deferred.** The deferred compensation
17 program established by this chapter ~~shall exist and serve~~ is in addition to retirement, pension, or benefit systems,
18 including plans qualifying under section 403(b) of the Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 403(b), as
19 amended, established by the state or a political subdivision, and no deferral of income under the deferred
20 compensation program ~~shall~~ may affect a reduction of any retirement, pension, or other benefit provided by law.
21 However, any sum deferred under the deferred compensation program ~~shall not be~~ is not subject to taxation until
22 distribution is actually made to the participant or ~~his~~ the participant's beneficiary because of separation from
23 service, retirement, or unforeseeable emergency. For purposes of this chapter, any qualified private pension
24 plans now in existence ~~shall qualify~~ qualifies."
25

26 **Section 62.** Section 20-9-344, MCA, is amended to read:

27 "**20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public
28 education shall administer and distribute the BASE aid and state advances for county equalization in the manner
29 and with the powers and duties provided by law. ~~To this end, the~~ The board of public education ~~shall~~:

30 (a) shall adopt policies for regulating the distribution of BASE aid and state advances for county

1 equalization in accordance with the provisions of law;

2 (b) ~~have the power to~~ may require reports from the county superintendents, ~~budget boards~~, county
3 treasurers, and trustees as it considers necessary; and

4 (c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each
5 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the
6 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution
7 to any district on account of any difference that may occur during the school fiscal year between budgeted and
8 actual receipts from any other source of school revenue.

9 (2) The board of public education may order the superintendent of public instruction to withhold
10 distribution of BASE aid from a district when the district fails to:

11 (a) submit reports or budgets as required by law or rules adopted by the board of public education; or

12 (b) maintain accredited status.

13 (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or
14 county equalization money, the district is entitled to a contested case hearing before the board of public
15 education, as provided under the Montana Administrative Procedure Act.

16 (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return
17 the overpayment to the state upon the request of the superintendent of public instruction in the manner
18 prescribed by the superintendent of public instruction.

19 (5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the
20 following schedule:

21 (a) from August to October of the school fiscal year, 10% of the direct state aid to each district;

22 (b) from December to April of the school fiscal year, 10% of the direct state aid to each district;

23 (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each
24 district or county that has submitted a final budget to the superintendent of public instruction in accordance with
25 the provisions of 20-9-134;

26 (d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each
27 district or county; and

28 (e) in June of the school fiscal year, the remaining payment to each district of direct state aid.

29 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."
30

1 **Section 63.** Section 20-10-205, MCA, is amended to read:

2 **"20-10-205. Allocation of federal funds to school food services fund for federally connected,**
 3 **indigent pupils.** The trustees of any school district receiving federal reimbursement in lieu of taxes may request
 4 the allocation of a portion of ~~such~~ those federal funds to the school food services fund to provide free meals for
 5 federally connected, indigent pupils when the pupils are declared eligible. In granting the request, the county
 6 superintendent shall comply with the following procedures:

7 (1) The indigency must be certified by the ~~county department of welfare~~ local office of public assistance,
 8 assisted by a committee of three composed of the county superintendent, a representative of the county health
 9 department, and an authorized representative of the district.

10 (2) A certified, detailed claim for the amount of the federal reimbursement in lieu of taxes that is to be
 11 allocated to the school food services fund ~~shall~~ must be filed by the district with the county superintendent. The
 12 county superintendent shall confirm or adjust the amount of the claim by:

- 13 (a) determining that the pupils included on the claim have been declared indigent under subsection (1);
 14 (b) determining the number of meals provided the indigent pupils by the school food services;
 15 (c) determining the price ~~per~~ for each meal that is charged to the nonindigent pupil; and
 16 (d) multiplying the number of meals provided to indigent pupils by the price ~~per~~ for each meal.

17 (3) After the county superintendent's confirmation or adjustment of the claim, ~~he~~ the county
 18 superintendent shall notify the district and the county treasurer of the approved amounts for allocation to the
 19 school food services fund. The district shall deposit the approved amount in the school food services fund on
 20 receipt of the succeeding federal payment in lieu of taxes."

21

22 **Section 64.** Section 20-25-301, MCA, is amended to read:

23 **"20-25-301. Regents' powers and duties.** The board of regents of higher education shall serve as
 24 regents of the Montana university system, shall use and adopt this style in all its dealings with the university
 25 system, and:

26 (1) must have general control and supervision of the units of the Montana university system, which is
 27 considered for all purposes one university;

28 (2) shall adopt rules for its own government that are consistent with the constitution and the laws of the
 29 state and that are proper and necessary for the execution of the powers and duties conferred upon it by law;

30 (3) shall provide, subject to the laws of the state, rules for the government of the system;

- 1 (4) shall grant diplomas and degrees to the graduates of the system upon the recommendation of the
2 faculties and have discretion to confer honorary degrees upon persons other than graduates upon the
3 recommendation of the faculty of the institutions;
- 4 (5) shall keep a record of its proceedings;
- 5 (6) must have, when not otherwise provided by law, control of all books, records, buildings, grounds,
6 and other property of the system;
- 7 (7) must receive from the board of land commissioners, from other boards or persons, or from the
8 government of the United States all funds, ~~incomes~~ income, and other property that the system may be entitled
9 to and use and appropriate the property for the specific purpose of the grant or donation;
- 10 (8) must have general control of all receipts and disbursements of the system;
- 11 (9) shall appoint a president or chancellor and faculty for each of the institutions of the system, appoint
12 any other necessary officers, agents, and employees, and fix their compensation;
- 13 (10) shall confer upon the executive board of each of the units of the system authority that may be
14 considered expedient relating to immediate control and management, other than authority relating to financial
15 matters or the selection of the teachers, employees, and faculty;
- 16 (11) shall confer, at the regents' discretion, upon the president and faculty of each of the units of the
17 system for the best interest of the unit authority relating to the immediate control and management, other than
18 financial, and the selection of teachers and employees;
- 19 (12) shall prevent unnecessary duplication of courses at the units of the system;
- 20 (13) shall appoint a certified professional geologist or registered mining engineer as the director of the
21 Montana state bureau of mines and geology, who is the state geologist, and appoint any other necessary
22 assistants and employees and fix their compensation;
- 23 (14) shall supervise and control the agricultural experiment station, along with any executive or
24 subordinate board or authority that may be appointed by the governor with the advice and consent of the
25 regents;
- 26 (15) shall adopt a seal bearing on its face the words "Montana university system", which must be affixed
27 to all diplomas and all other papers, instruments, or documents that may require it;
- 28 (16) shall ensure an adequate level of security for data ~~and information technology resources~~, as defined
29 in 2-15-102, within the state university system. In carrying out this responsibility, the board of regents shall, at
30 a minimum, address the responsibilities prescribed in 2-15-114.

1 (17) shall offer courses in vocational-technical education of a type and in a manner considered
2 necessary or practical by the regents."

3

4 **Section 65.** Section 20-25-427, MCA, is amended to read:

5 **"20-25-427. Allocation of indirect cost reimbursements.** Any reimbursement for indirect costs
6 associated with a grant to or contract with the Montana university system or any of its units is allocated to the
7 designated subfund of the university current fund, as provided in 17-2-102, for distribution to the unit receiving
8 the grant or under the contract."

9

10 **Section 66.** Section 23-1-105, MCA, is amended to read:

11 **"23-1-105. Fees and charges.** (1) The department may levy and collect reasonable fees or other
12 charges for the use of privileges and conveniences that may be provided and to grant concessions that it
13 considers advisable, except as provided in subsection (2). All money derived from the activities of the
14 department, except as provided in subsection (5), must be deposited in the state treasury in a state special
15 revenue fund to the credit of the department.

16 (2) Overnight camping fees established by the department under subsection (1) must be discounted
17 50% for a campsite rented by a person who is a resident of Montana, as defined in 87-2-102, and either 62 years
18 of age or older or certified as disabled in accordance with rules adopted by the department.

19 (3) For a violation of any fee collection rule involving a vehicle, the registered owner of the vehicle at
20 the time of the violation is personally responsible if an adult is not in the vehicle at the time the violation is
21 discovered by an authorized officer. A defense that the vehicle was driven into the fee area by another person
22 is not allowable unless it is shown that at that time, the vehicle was being used without the consent of the
23 registered owner.

24 (4) Money received from the collection of fees and charges is not subject to the deposit requirements
25 of 17-6-105. The department shall deposit money collected under this section within a reasonable time after
26 receipt.

27 (5) There is a fund of the enterprise fund type, as defined in 17-2-102~~(1)(b)(i)~~(2)(a), for the purpose of
28 managing state park visitor services revenue. The fund is to be used by the department to serve the recreating
29 public by providing for the obtaining of inventory through purchase, production, or donation and for the sale of
30 educational, commemorative, and interpretive merchandise and other related goods and services at department

1 sites and facilities. The fund consists of money from the sale of educational, commemorative, and interpretive
 2 merchandise and other related goods and services and from donations. Gross revenue from the sale of
 3 educational, commemorative, and interpretive merchandise and other related goods and services must be
 4 deposited in the fund. All interest and earnings on money deposited in the fund must be credited to the fund for
 5 use as provided in this subsection."

6

7 **Section 67.** Section 23-2-809, MCA, is amended to read:

8 **"23-2-809. Duplicate decal.** If a decal required in 23-2-804 indicating that the off-highway vehicle fee
 9 has been paid for the current year is lost, mutilated, or becomes illegible, the person to whom it was issued shall
 10 immediately apply for and obtain a duplicate decal upon payment of a fee of \$5 to the county treasurer, who shall
 11 distribute the fee as provided in ~~23-2-804(3)~~ 23-2-803."

12

13 **Section 68.** Section 25-13-402, MCA, is amended to read:

14 **"25-13-402. How writ executed.** (1) (a) The sheriff or levying officer shall, subject to subsection (6),
 15 execute the writ against the property of the judgment debtor no later than 120 days after receipt of the writ by:

- 16 (i) levying on a sufficient amount of property, if there is sufficient property;
 17 (ii) collecting or selling the things in action; and
 18 (iii) selling the other property and paying to the judgment creditor or the judgment creditor's attorney as
 19 much of the proceeds as will satisfy the judgment.

20 (b) (i) If the third party is a corporation or other legal entity, service must be accomplished by personally
 21 serving the writ upon an officer or supervising employee of the ~~entity~~ third party or ~~other~~ upon a department or
 22 person designated by the third party or by serving the writ by mail, as provided in subsection (1)(b)(ii).

23 (ii) Service by mail upon a corporation or other legal entity must be consented to in writing by the
 24 corporation or other legal entity and may be made by mailing a copy of the writ to an officer; or supervising
 25 employee of the third party; or ~~other~~ to a department or person designated by the third party. If service is by mail,
 26 it must be accompanied by a notice that the officer or employee receiving the writ ~~shall~~ is required to forward
 27 the writ to the person responsible for processing the levy for the third party if the officer or employee initially
 28 receiving the writ is not the proper party to process the levy. The writ ~~will~~ must be considered served on the date
 29 and time that the writ is received by the officer, supervising employee, or designee of the third party, but no later
 30 than 5 business days after it is mailed.

1 (c) A levy under subsection (1)(b) is effective when the writ is served by personal service or by mail,
2 as provided in subsection (1)(b)(ii).

3 (2) Any proceeds in excess of the judgment and accruing costs must be returned to the judgment debtor
4 unless otherwise directed by the judgment or order of the court. When the sheriff or levying officer determines
5 that there is more property of the judgment debtor than is sufficient to satisfy the judgment and accruing costs,
6 the sheriff or levying officer shall levy only on the part of the property that the judgment debtor may indicate if
7 the property indicated is sufficient to satisfy the judgment and costs.

8 (3) With respect to property held by a third party, including but not limited to banks, credit unions, and
9 other financial institutions and those parties identified in 25-13-306, the third party shall respond to the levy
10 based on the assets held at the time of levy. Response must be made within 10 business days following the date
11 of the levy by delivering the assets or payments to the sheriff or levying officer.

12 (4) Except for perishable property, the sheriff or levying officer shall hold any property or money levied
13 upon for 10 days, excluding weekends and holidays, following notification of execution upon the judgment
14 debtor. After that time, the sheriff or levying officer may sell the property and pay the money to the judgment
15 creditor.

16 (5) If the first levy is not sufficient to satisfy the writ, the sheriff or levying officer may levy, from time to
17 time and as often as necessary, within the 120 days until the judgment is satisfied or the writ expires.

18 (6) (a) A levy upon the earnings of a judgment debtor continues in effect for 120 days or until the
19 judgment is satisfied, whichever occurs first. The levy applies to earnings due on or after the date of service
20 through the expiration of the writ.

21 (b) The sheriff or levying officer shall clearly mark the expiration date upon all served copies of the writ
22 and notice.

23 (c) Except as provided in subsection (7), multiple levies served under this subsection (6) have priority
24 according to the date and time of service upon the employer.

25 (d) The return of service on a levy upon the earnings of a judgment debtor is returned in the same
26 manner provided for in 25-13-404.

27 (7) Nothing in this section is intended to supersede any state or federal laws regarding priority that must
28 be given to certain levies and executions."

29

30 **Section 69.** Section 27-1-732, MCA, is amended to read:

1 **"27-1-732. Immunity of nonprofit corporation officers, directors, and volunteers.** (1) An officer,
 2 director, or volunteer of a nonprofit corporation is not individually liable for any action or omission made in the
 3 course and scope of the officer's, director's, or volunteer's official capacity on behalf of the nonprofit corporation.
 4 This section does not apply to liability for willful or wanton misconduct. The immunity granted by this section does
 5 not apply to the liability of a nonprofit corporation.

6 (2) For purposes of this section, "nonprofit corporation" means:

7 (a) an organization exempt from taxation under section 501(c) of the Internal Revenue Code, ~~of 1954~~
 8 26 U.S.C. 501(c), as amended;

9 (b) a corporation or organization that is eligible for or has been granted ~~by the department of revenue~~
 10 tax-exempt status by the department of revenue under the provisions of 15-31-102; or

11 (c) the comprehensive health association created by 33-22-1503."
 12

13 **Section 70.** Section 31-1-704, MCA, is amended to read:

14 **"31-1-704. Scope.** (1) This part applies to deferred deposit lenders and to persons who facilitate,
 15 enable, or act as a conduit for persons making deferred deposit loans.

16 (2) This part does not apply to:

17 (a) banks, savings and loan associations, credit unions, or other state or federally regulated financial
 18 institutions;

19 (b) retail sellers who cash checks incidental to or independent of a sale and who do not charge more
 20 than \$2 per check for the service; or

21 (c) a collection agency ~~licensed to do~~ doing business in this state that has entered into an agreement
 22 with a deferred deposit lender for the collection of claims owed or due or asserted to be owed or due the
 23 deferred deposit lender."
 24

25 **Section 71.** Section 31-2-106, MCA, is amended to read:

26 **"31-2-106. Exempt property -- bankruptcy proceeding.** An individual may not exempt from the
 27 property of the estate in any bankruptcy proceeding the property specified in 11 U.S.C. 522(d). An individual may
 28 exempt from the property of the estate in any bankruptcy proceeding:

29 (1) that property exempt from execution of judgment as provided in 19-2-1004, 19-18-612, 19-19-504,
 30 19-20-706, 19-21-212, Title 25, chapter 13, part 6, 33-7-522, 33-15-512 through 33-15-514, 39-51-3105,

1 39-71-743, 39-73-110, 53-2-607, 53-9-129, Title 70, chapter 32, and 80-2-245;

2 (2) the individual's right to receive unemployment compensation and unemployment benefits; and

3 (3) the individual's right to receive benefits from or interest in a private or governmental retirement,
4 pension, stock bonus, profit-sharing, annuity, or similar plan or contract on account of illness, disability, death,
5 age, or length of service, excluding that portion of contributions made by the individual within 1 year before the
6 filing of the petition in bankruptcy ~~which that~~ exceeds 15% of the individual's gross income for that 1-year period,
7 unless:

8 (a) the plan or contract was established by or under the auspices of an insider that employed the
9 individual at the time the individual's rights under the plan or contract arose;

10 (b) the benefit is paid on account of age or length of service; and

11 (c) the plan or contract does not qualify under section 401(a), 403(a), 403(b), 408, or 409 of the Internal
12 Revenue Code, ~~of 1954~~ (26 U.S.C. 401(a), 403(b), 408, or 409)."

13

14 **Section 72.** Section 33-20-1317, MCA, is amended to read:

15 **"33-20-1317. Disclosure of information to viatical settlement purchasers.** (1) A viatical settlement
16 provider shall disclose the information specified in this section to a viatical settlement purchaser prior to the date
17 on which the parties sign the viatical settlement purchase agreement.

18 (2) The viatical settlement purchaser shall date and sign the information disclosure. The viatical
19 settlement provider shall provide a copy of the information disclosure to the viatical settlement purchaser.

20 (3) The information disclosure must include the following:

21 (a) that the viatical settlement purchaser will not receive payment until the insured dies;

22 (b) that the actual annual rate of return on a viatical settlement purchase agreement is dependent upon
23 an accurate projection of the insured's life expectancy and the actual date of the insured's death and that an
24 annual guaranteed rate of return is not determinable;

25 (c) that the viatical insurance contract is not a liquid purchase since it is impossible to predict the exact
26 timing of its maturity, that the funds are probably not available until the death of the insured, and that there is
27 not an established secondary market for the resale of viatical settlement products by the viatical settlement
28 purchaser;

29 (d) that the viatical settlement purchaser may lose all benefits or may receive substantially reduced
30 benefits if the insurer goes out of business during the term of the viatical settlement investment;

- 1 (e) (i) that the viatical settlement purchaser is responsible for payment of the insurance premium or
2 other costs related to the policy, if required by the terms of the viatical purchase agreement, and that these
3 payments may reduce the viatical settlement purchaser's return and may continue beyond the insured's
4 projected life expectancy; and
- 5 (ii) if a party other than the viatical settlement purchaser is responsible for the payment, that the name
6 of that party must also be disclosed;
- 7 (f) the amount of the premium that a purchaser is required to pay, if applicable;
- 8 (g) that the viatical settlement purchaser may be responsible for payment of the insurance premium or
9 other costs related to the policy if the insured returns to health;
- 10 (h) the amount of any fees or other expenses to be charged to the viatical settlement purchaser;
- 11 (i) whether or not the viatical settlement purchaser is entitled to a refund of all or part of the investment
12 under the viatical settlement purchase agreement if the policy is later determined to be void;
- 13 (j) that group policies:
- 14 (i) may contain limitations on conversion rights;
- 15 (ii) may require additional premiums to be paid if the group policy is converted; and
- 16 (iii) may be terminated and replaced by another group policy, with benefits under the new policy that may
17 be substantially less than those in the original coverage;
- 18 (k) for group policies, the name of the party responsible for the payment of any additional premiums;
- 19 (l) that there are risks associated with policy contestability, including the risk that the viatical settlement
20 purchaser may not have a claim or may have only a partial claim to death benefits if the insurer rescinds the
21 policy within the contestability period;
- 22 (m) whether or not the viatical settlement purchaser will be the beneficiary or owner of the policy and,
23 if the viatical settlement purchaser is the beneficiary, the special risks associated with beneficiary status,
24 including the risk that the beneficiary may be changed;
- 25 (n) a description of:
- 26 (i) the experience and qualifications of the person who has determined the life expectancy of the
27 insured, such as in-house staff, independent physicians, or specialty firms that weigh medical and actuarial data;
- 28 (ii) the information on which the projection of life expectancy is based; and
- 29 (iii) the relationship of the person who has made the determination of life expectancy to the viatical
30 settlement provider, if any;

1 (o) all of the life expectancies obtained in the process of determining the price paid to the ~~viator~~
2 policyholder or certificate holder;

3 (p) a description and amount of any loan or other encumbrance against or in connection with the policy;
4 and

5 (q) that the viatical settlement purchaser is encouraged to consult with an attorney, accountant, or
6 financial planner who is not affiliated with the viatical settlement broker or viatical settlement provider prior to
7 purchase."

8

9 **Section 73.** Section 37-7-602, MCA, is amended to read:

10 **"37-7-602. Definitions.** As used in this part, the following definitions apply:

11 (1) "Blood" means whole blood collected from a single donor and processed either for transfusion or
12 for further manufacturing.

13 (2) "Blood component" means that part of blood separated by physical or mechanical means.

14 (3) "Drug sample" means a unit of a prescription drug that is not intended to be sold and is intended to
15 promote the sale of the drug.

16 (4) "Manufacturer" means a person or entity engaged in the manufacturing, preparing, propagating,
17 compounding, processing, packaging, repackaging, or labeling of a prescription drug or device.

18 (5) "Prescription drug" has the same meaning as provided in 37-7-101.

19 (6) (a) "Wholesale drug distribution" means distribution of prescription drugs to persons other than a
20 consumer or patient.

21 (b) The term does not include:

22 (i) intracompany sales;

23 (ii) the purchase or other acquisition, by a hospital or other health care entity that is a member of a group
24 purchasing organization, of a drug for its own use from the group purchasing organization or from other hospitals
25 or health care entities that are members of group purchasing organizations;

26 (iii) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug by a charitable
27 organization described in section 501(c)(3) of the Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 501(c)(3), as
28 amended, to a nonprofit affiliate of the organization to the extent otherwise permitted by law;

29 (iv) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug among hospitals
30 or other health care entities that are under common control. For purposes of this subsection (6)(b)(iv), "common

1 control" means the power to direct or cause the direction of the management and policies of a person or an
2 organization, whether by ownership of stock, voting rights, contract, or otherwise.

3 (v) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug for emergency
4 medical reasons. For the purposes of this subsection (6)(b)(v), "emergency medical reasons" includes transfers
5 of prescription drugs by a retail pharmacy to another retail pharmacy to alleviate a temporary shortage.

6 (vi) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug, or the dispensing
7 of a drug pursuant to a prescription;

8 (vii) the distribution of drug samples by manufacturers' representatives or distributors' representatives;
9 or

10 (viii) the sale, purchase, or trade of blood and blood components intended for transfusion.

11 (7) "Wholesale drug distributor" means a person or entity engaged in wholesale distribution of
12 prescription drugs, including but not limited to manufacturers, repackers, own-label distributors, private-label
13 distributors, jobbers, brokers, warehouses (including manufacturers' and distributors' warehouses, chain drug
14 warehouses, and wholesale drug warehouses), independent wholesale drug traders, and retail pharmacies that
15 conduct wholesale distributions."
16

17 **Section 74.** Section 37-24-104, MCA, is amended to read:

18 **"37-24-104. Exemptions.** Nothing in this chapter prevents or restricts the practice, services, or activities
19 of:

20 (1) a person licensed in this state under any other law or certified or registered as a member of an
21 occupational or professional group other than occupational therapy from engaging in the profession or
22 occupation for which ~~he~~ the person is licensed, certified, or registered;

23 (2) a person who provides treatment, teaches living skills, designs orthotic or prosthetic devices,
24 administers tests, or engages in other activities described in 37-24-103 but does not represent ~~himself as~~ to the
25 public that the person is an occupational therapist;

26 (3) a person employed as an occupational therapist or occupational therapy assistant by an institution
27 or agency of the federal government;

28 (4) a person pursuing a supervised course of study leading to a degree or certificate in occupational
29 therapy at an accredited institution or under an approved educational program if the person is designated by a
30 title that clearly indicates ~~his~~ the person's status as a student or trainee;

1 (5) a person fulfilling the supervised fieldwork experience requirements of 37-24-303 if the experience
2 constitutes a part of the experience necessary to meet the requirements of that section;

3 (6) a person performing occupational therapy services in the state if these services are performed for
4 no more than 10 days in a calendar year in association with an occupational therapist licensed under this
5 chapter, provided that:

6 (a) the person is licensed under the law of another state that has licensure requirements at least as
7 stringent as the requirements of this chapter; or

8 (b) the person meets the requirements for certification as an occupational therapist registered (OTR)
9 or a certified occupational therapy assistant (COTA), established by the ~~American occupational therapy~~
10 ~~certification board (AOTCB)~~ national board for certification in occupational therapy, inc. (NBCOT); or

11 (7) a person employed as an occupational therapy aide."
12

13 **Section 75.** Section 37-24-303, MCA, is amended to read:

14 **"37-24-303. Requirements for licensure.** (1) To be eligible for licensure by the board as an
15 occupational therapist or an occupational therapy assistant, the applicant shall:

16 (a) present evidence of having successfully completed the academic requirements of an educational
17 program recognized by the board for the license sought;

18 (b) submit evidence of having successfully completed a period of supervised fieldwork experience
19 arranged by the recognized educational institution where ~~he~~ the person completed the academic requirements
20 or by a nationally recognized professional association;

21 (c) submit evidence of having been certified by the ~~American occupational therapy certification board~~
22 ~~(AOTCB)~~ national board for certification in occupational therapy, inc. (NBCOT); and

23 (d) pass an examination as provided for in 37-24-304.

24 (2) The supervised fieldwork experience requirement for an occupational therapist is a minimum of 6
25 months. The supervised fieldwork experience requirement for an occupational therapy assistant is a minimum
26 of 2 months."
27

28 **Section 76.** Section 39-10-204, MCA, is amended to read:

29 **"39-10-204. (Temporary) Authorized services.** The authorized services provided under the Montana
30 summer youth employment program include:

1 (1) work experience, which includes planned, structured, work-based learning experiences that may
 2 occur in a nonprofit or for-profit, private or public sector workplace for a limited period of time. To the extent
 3 feasible, work experience must include contextual learning opportunities that integrate the development of
 4 general competencies with the development of academic skills.

5 (2) basic and remedial education and preemployment and work maturity skills, including but not limited
 6 to the job corps, ~~the work opportunity readiness component of the FAIM project, as defined in 53-2-902,~~ youth
 7 corps programs, alternative or secondary schools, tutoring, mentoring, or study skills training, and instruction
 8 leading to the completion of secondary school, including dropout prevention strategies and leadership
 9 development opportunities;

10 (3) classroom training, which may, to the extent feasible, include opportunities to apply knowledge and
 11 skills related to academic subjects pertaining to the work world;

12 (4) support services, including transportation, child care, medical care, training-related personal
 13 supplies, and comprehensive guidance and counseling provided to individuals if the services are reasonable
 14 and necessary to enable a participant who cannot otherwise afford to pay for the services to participate.
 15 Comprehensive guidance and counseling may include drug and alcohol abuse counseling and referral.

16 (5) educational linkages with appropriate educational agencies responsible for services to participants.
 17 Linkages may include arrangements to ensure that there is a regular exchange of information relating to the
 18 progress, problems, and needs of participants, including the results of assessments of the skill levels of
 19 participants. (Terminates September 15, 2003--sec. 9, Ch. 525, L. 2001.)"

20

21 **Section 77.** Section 39-51-2501, MCA, is amended to read:

22 **"39-51-2501. Definitions.** As used in this part, unless the context clearly requires otherwise, the
 23 following definitions apply:

24 (1) "Eligibility period", relating to extended benefits, means the period consisting of the weeks in the
 25 individual's benefit year ~~which that~~ begin in an extended benefit period and, if the individual's benefit year ends
 26 within ~~such the~~ extended benefit period, any weeks thereafter ~~which that~~ begin in ~~such the~~ period.

27 (2) "Exhaustee" means an individual who, with respect to any week of unemployment in the eligibility
 28 period:

29 (a) has received, prior to ~~such that~~ week, all of the regular benefits that were available under this
 30 chapter or any other state law, including dependents' allowances and benefits payable to federal civilian

1 employees and ex-service personnel under 5 U.S.C. chapter 85, in the current benefit year that includes ~~such~~
 2 ~~that week; provided that.~~ However, for the purposes of this subsection, an individual ~~shall be deemed is~~
 3 considered to have received all of the regular benefits that were available although, as a result of a pending
 4 appeal with respect to wages that were not considered in the original monetary determination of the benefit year,
 5 the individual may subsequently be determined to be entitled to added regular benefits;

6 (b) ~~if~~ the benefit year ~~having has~~ expired prior to ~~such that~~ week, has no wages or insufficient wages
 7 on the basis of which the individual could establish a new benefit year that would include ~~such that~~ week;

8 (c) has no right to unemployment benefits or allowances, as the case may be, under the Railroad
 9 Unemployment Insurance Act and ~~such~~ other federal laws ~~as~~ that are specified in regulations issued by the U.S.
 10 secretary of labor; and

11 (d) has not received and is not seeking unemployment benefits under the unemployment compensation
 12 law of Canada, but if the individual is seeking ~~such those~~ benefits and the appropriate agency finally determines
 13 that the individual is not entitled to benefits under ~~such~~ law, the individual is considered an exhaustee.

14 (3) "Extended benefit period" means a period ~~which that~~:

15 (a) begins with the third week after a week for which there is a state "on" indicator, provided that no
 16 extended benefit period may begin by reason of a state "on" indicator before the 14th week following the end
 17 of a prior extended benefit period ~~which that~~ was in effect with respect to this state; and

18 (b) ends with the third week after the first week for which there is a state "off" indicator or the 13th
 19 consecutive week of ~~such the~~ period.

20 (4) "Extended benefits" means benefits, including benefits payable to federal civilian employees and
 21 to ex-service personnel pursuant to 5 U.S.C. chapter 85, payable to an individual under the provisions of this
 22 part for weeks of unemployment in the individual's eligibility period.

23 (5) (a) "Rate of insured unemployment", for purposes of 39-51-2504 and 39-51-2505, means the
 24 percentage derived by dividing the average weekly number of individuals filing claims for regular benefits in this
 25 state for weeks of unemployment with respect to the most recent 13-consecutive-week period, as determined
 26 by the department on the basis of its reports to the U.S. secretary of labor, by the average monthly employment
 27 covered under this chapter for the first 4 of the most recent 6 completed calendar quarters ending before the
 28 end of ~~such the~~ 13-week period.

29 (b) Computations required by the provisions of subsection (5)(a) ~~shall must~~ be made by the department
 30 in accordance with regulations prescribed by the U.S. secretary of labor.

1 (6) "Regular benefits" means benefits payable to an individual under this chapter or under any other
2 state law, including benefits payable to federal civilian employees and to ex-service personnel pursuant to 5
3 U.S.C. chapter 85, other than extended benefits.

4 (7) "State law" means the unemployment insurance law of any state approved by the U.S. secretary of
5 labor under section 3304 of the Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 3304, as amended."

6

7 **Section 78.** Section 40-5-906, MCA, is amended to read:

8 **"40-5-906. Child support information and processing unit.** (1) The department shall establish and
9 maintain a centralized child support case registry and payment processing unit. The purpose of this unit is to
10 facilitate mass case processing by utilizing computer technology to identify parents and their income and to
11 initiate automated procedures to collect child support as it becomes due and payable.

12 (2) The case registry must include a database of information concerning child support orders, all cases
13 receiving IV-D services, and all district court and administrative cases with support orders entered or modified
14 after October 1, 1998.

15 (3) The case registry must use automated systems to obtain information from federal, state, and local
16 databases with regard to the location of obligors and their income and assets. This information must be shared
17 with the courts of this state and, upon request, may be shared with child support enforcement agencies of this
18 and other states for the purpose of establishing paternity and establishing and enforcing child support
19 obligations.

20 (4) To assist creditors, credit managers, and others who need timely verification of the existence of child
21 support liens in IV-D cases, the case registry must include a directory of liens, which must include liens against
22 an obligor's real and personal property filed by the department with other agencies and lien registries.
23 Information in the lien registry may be made available through automated systems, which may include voice
24 response units.

25 (5) Each IV-D case with a child support order must be electronically monitored so that when a timely
26 payment of support is not made, enforcement action may be taken. To accomplish this purpose, payments due
27 under a child support order must be paid to the department for processing and disbursement.

28 (6) In either a IV-D income-withholding case in this state or a state non IV-D case, if immediate income
29 withholding is authorized after January 1, 1994, an employer or other payor of income shall pay all support
30 withheld from an obligor's income to one centralized location as specified by the department.

1 (7) To facilitate automated disbursement of support payments, automated enforcement actions, and
2 service of notice when required, an obligor or obligee must be directed to provide, and update as necessary,
3 information sufficient to locate the obligor and obligee and to locate the obligor's income and assets.

4 [(8) An employer or labor organization shall report a newly hired or rehired employee. Information
5 reported by an employer must be electronically compared to the information database to align an obligor who
6 owes a duty of support with a source of income. When a match is revealed in a IV-D case, a notice ~~will~~ must,
7 if appropriate to the case, be promptly transmitted to the employer directing the employer to commence
8 withholding for the payment of the obligor's support obligation.]

9 (9) The department may enter into contracts or cooperative agreements with any person, business, firm,
10 corporation, or state agency to establish, operate, or maintain the case registry and payment processing unit or
11 any function or service afforded by the unit, provided that:

12 (a) the department is ultimately responsible for operation of the case registry and payment processing
13 unit, including any function or service afforded by the unit;

14 (b) there is a board to act in an advisory capacity to the case registry and payment processing unit. The
15 board shall advise the department in the policy, direction, control, and management of the case registry and
16 payment processing unit and in determining forms, data processing needs, terms of contracts and cooperative
17 agreements, and other similar technical requirements. Board members who are not employed by the department
18 shall serve without pay, but are entitled to reimbursement for travel, meals, and lodging while engaged in board
19 business, as provided in 2-18-501 through 2-18-503. Except for members who represent the department,
20 appointed board members shall serve for a term of 2 years. The board consists of five members as follows:

21 (i) a district court judge nominated by the district court judges' association;

22 (ii) a clerk of court nominated by the association of clerks of the district courts;

23 (iii) the supreme court administrator or designee;

24 (iv) two members, appointed by the department director, one from the child support enforcement division
25 and one from the operations and technology division; and

26 (v) a representative of a county data processing unit, nominated by the association of clerks of the
27 district courts; and

28 (c) the costs charged to the department under the contract or cooperative agreement may not exceed
29 the actual costs that the department would have incurred without the contract or cooperative agreement.

30 (10) The department may adopt rules to implement 19-2-909, 19-20-306, 40-5-157, 40-5-291, and this

1 part. Rules must be drafted, adopted, and applied in a manner that:

2 (a) minimizes the personal intrusiveness on the employer or employee of any requested information;

3 (b) minimizes the costs to the department and any employer or employee with respect to obtaining and
4 submitting any requested information; and

5 (c) maximizes the confidentiality and security of any employer or employee information that the
6 department gathers under 19-2-909, 19-20-306, 40-5-157, 40-5-291, and this part. (Bracketed language
7 terminates on occurrence of contingency--sec. 1, Ch. 27, L. 1999.)"

8

9 **Section 79.** Section 40-5-909, MCA, is amended to read:

10 **"40-5-909. Centralized payment center -- mandatory payments to center.** (1) Payments due under
11 a support order must be paid through the department for processing and distribution to the person or agency
12 entitled to receive the payment whenever:

13 (a) the case is receiving IV-D services; or

14 (b) the support obligation is payable through non IV-D income withholding.

15 (2) A support order entered or modified in this state after October 1, 1998, that excludes the obligor from
16 paying support through income withholding must provide that:

17 (a) if the case is or later becomes a IV-D case or if support becomes payable through IV-D or non IV-D
18 income withholding, support payments must be paid through the department; and

19 (b) a payment that is not made to the department does not constitute payment of support or credit
20 toward satisfaction of the support obligation unless the payment is verified by the department to its satisfaction.

21 (3) (a) If a support order does not include the provisions required by subsection (2) or directs payment
22 of support to a payee other than the department, the department may give written notice to the obligor and
23 obligee directing or redirecting payments to the department. After receipt of the notice, payment other than as
24 directed does not constitute payment of support or credit toward satisfaction of the support obligation.

25 (b) An obligor who redirects payments to the department is not liable to the obligee or answerable to
26 the court for not making payments as directed by the court.

27 (c) While support is required to be paid through the department, the notice directing or redirecting
28 payments to the department may not be superseded by any subsequent order of a court or agency directing the
29 obligor to make payments other than to the department.

30 (4) After the obligor has been ordered or directed to make payments to the department under this

1 section, the obligor shall make the payments to the department and is not entitled to credit against a support
2 obligation for payment made to a person or agency other than the department.

3 (5) (a) When the obligor is paying support through IV-D or non IV-D income withholding, the
4 income-withholding order must direct the payor to make the payments through the department.

5 (b) If a payor is directed by the income-withholding order to make payments to a payee other than the
6 department, the department may redirect the payments to the department by written order to the employer or
7 payor. The order supersedes any prior, inconsistent court or agency order.

8 (c) For as long as income withholding is appropriate to the case, the directive to the payor to make
9 payments to the department may not be superseded by any subsequent order of a court or agency directing
10 payments to any other payee.

11 (6) (a) An employer who receives an income-withholding order issued in another state, as defined in
12 40-5-103, may contact the department to determine whether the withholding order was issued by the appropriate
13 authority.

14 (b) The employer may elect to forward the funds to the department for distribution.

15 (c) If the employer elects under this section to forward the funds to the department for distribution, the
16 employer shall immediately provide a copy of the income-withholding order to the department.

17 (7) Income-withholding orders may be issued in this state pursuant only to 40-5-308 through 40-5-315
18 and 40-5-401 through 40-5-432.

19 (8) Payments of support that are received by the department in interstate cases or as the result of a writ
20 of execution, warrant for distraint, state and federal tax offset, or similar enforcement remedy must be processed
21 through the case ~~management~~ registry and payment processing unit.

22 (9) (a) If, through a private collection action, an obligee obtains a payment of support that must be
23 processed and distributed through the case ~~management~~ registry and payment processing unit, the obligee shall
24 forward the payment to the department within 5 working days of the receipt of the payment.

25 (b) If the department takes an enforcement action against the obligor because the obligee failed to
26 timely forward a payment of support under subsection (9)(a), the obligee is liable in a civil action to the obligor
27 for the amount that should have been forwarded to the department.

28 (10) (a) Payments made to the department under this section must be by cash, personal or business
29 check, money order, automatic bank account withdrawal, certified funds, electronic funds transfer services, or
30 any other means acceptable to the department.

1 (b) Payments may not be credited to the obligor's child support obligation until actually received by the
2 department.

3 (c) The withholding of income by a payor or employer under an order to withhold issued under Title 40,
4 chapter 5, part 3 or 4, is not alone sufficient for credit against an obligor's support obligation. Payments withheld
5 from an obligor's income that are not actually received by the department may not be credited to the obligor's
6 child support obligation. The payor or employer is liable to the obligor in a civil action initiated by the obligor for
7 the amount withheld but not paid to the department.

8 (d) A check presented to the department as payment, whether by the obligor, the obligor's employer,
9 or another payor on the obligor's behalf, that is dishonored by the issuing bank may not be credited to the
10 obligor's child support obligation.

11 (e) A payment made out to or delivered to any other person or agency other than to the department may
12 not be credited to the obligor's support obligation.

13 (11) An uncredited payment under this section is considered as still owed by the obligor and may be
14 collected using any remedy available under law."

15

16 **Section 80.** Section 41-3-439, MCA, is amended to read:

17 **"41-3-439. Department to give placement priority to extended family member of an abandoned**
18 **child.** (1) If the department has received temporary legal custody of an abandoned child pursuant to 41-3-438
19 or permanent legal custody pursuant to 41-3-607, the department shall give priority to a member of the child's
20 extended family, including adult siblings, grandparents, great-grandparents, aunts, and uncles, in determining
21 the person or persons with whom the abandoned child should be placed if:

22 (a) placement with the extended family member is in the best interests of the abandoned child;

23 (b) the extended family member has requested that the abandoned child be placed with the family
24 member; and

25 (c) the department has determined that the extended family member is qualified to receive and care
26 for the abandoned child.

27 (2) If more than one extended family member of the abandoned child has requested that the child be
28 placed with the family member and all are qualified to receive and care for the child, the department may
29 determine which extended family member to place the abandoned child with in the same manner as provided
30 for in 41-3-438~~(3)~~(4).

1 (3) This part does not affect the department's ability to assess the appropriateness of placement of the
2 child with a noncustodial parent when abandonment has been found against only one parent."
3

4 **Section 81.** Section 41-5-103, MCA, is amended to read:

5 **"41-5-103. Definitions.** As used in the Montana Youth Court Act, unless the context requires otherwise,
6 the following definitions apply:

7 (1) "Adult" means an individual who is 18 years of age or older.

8 (2) "Agency" means any entity of state or local government authorized by law to be responsible for the
9 care or rehabilitation of youth.

10 (3) "Assessment officer" means a person who is authorized by the court to provide initial intake and
11 evaluation for a youth who appears to be in need of intervention or an alleged delinquent youth.

12 (4) "Commit" means to transfer legal custody of a youth to the department or to the youth court.

13 (5) "Correctional facility" means a public or private, physically secure residential facility under contract
14 with the department and operated solely for the purpose of housing adjudicated delinquent youth.

15 (6) "Cost containment funds" means funds retained by the department under 41-5-132 for distribution
16 by the cost containment review panel.

17 (7) "Cost containment review panel" means the panel established in 41-5-131.

18 (8) "Court", when used without further qualification, means the youth court of the district court.

19 (9) "Criminally convicted youth" means a youth who has been convicted in a district court pursuant to
20 41-5-206.

21 (10) "Custodian" means a person, other than a parent or guardian, to whom legal custody of the youth
22 has been given but does not include a person who has only physical custody.

23 (11) "Delinquent youth" means a youth who is adjudicated under formal proceedings under the Montana
24 Youth Court Act as a youth:

25 (a) who has committed an offense that, if committed by an adult, would constitute a criminal offense;

26 or

27 (b) who has been placed on probation as a delinquent youth or a youth in need of intervention and who
28 has violated any condition of probation.

29 (12) "Department" means the department of corrections provided for in 2-15-2301.

30 (13) "Department records" means information or data, either in written or electronic form, maintained

1 by the department pertaining to youth who are committed under 41-5-1512(1)(c) or 41-5-1513(1)(b) or who are
2 under parole supervision. Department records do not include information provided by the department to the
3 department of public health and human services' management information system.

4 (14) "Detention" means the holding or temporary placement of a youth in the youth's home under home
5 arrest or in a facility other than the youth's own home for:

6 (a) the purpose of ensuring the continued custody of the youth at any time after the youth is taken into
7 custody and before final disposition of the youth's case;

8 (b) contempt of court or violation of a valid court order; or

9 (c) violation of a youth parole agreement.

10 (15) "Detention facility" means a physically restricting facility designed to prevent a youth from departing
11 at will. The term includes a youth detention facility, short-term detention center, and regional detention facility.

12 (16) "Emergency placement" means placement of a youth in a youth care facility for less than 45 days
13 to protect the youth when there is no alternative placement available.

14 (17) "Family" means the parents, guardians, legal custodians, and siblings or other youth with whom a
15 youth ordinarily lives.

16 (18) "Final disposition" means the implementation of a court order for the disposition or placement of
17 a youth as provided in 41-5-1422, 41-5-1503, 41-5-1504, 41-5-1512, 41-5-1513, and 41-5-1522 through
18 41-5-1525.

19 (19) "Foster home" means a private residence licensed by the department of public health and human
20 services for placement of a youth.

21 (20) "Guardian" means an adult:

22 (a) who is responsible for a youth and has the reciprocal rights, duties, and responsibilities with the
23 youth; and

24 (b) whose status is created and defined by law.

25 (21) "Habitual truancy" means recorded absences of 10 days or more of unexcused absences in a
26 semester or absences without prior written approval of a parent or a guardian.

27 (22) "Holdover" means a room, office, building, or other place approved by the board of crime control
28 for the temporary detention and supervision of youth in a physically unrestricting setting for a period not to
29 exceed 24 hours while the youth is awaiting a probable cause hearing, release, or transfer to an appropriate
30 detention or shelter care facility. The term does not include a jail.

1 (23) "Jail" means a facility used for the confinement of adults accused or convicted of criminal offenses.
2 The term includes a lockup or other facility used primarily for the temporary confinement of adults after arrest
3 but does not include a collocated juvenile detention facility that complies with 28 CFR, part 31.

4 (24) "Judge", when used without further qualification, means the judge of the youth court.

5 (25) "Juvenile home arrest officer" means a court-appointed officer administering or supervising
6 juveniles in a program for home arrest, as provided for in Title 46, chapter 18, part 10.

7 (26) "Law enforcement records" means information or data, either in written or electronic form,
8 maintained by a law enforcement agency, as defined in 7-32-201, pertaining to a youth covered by this chapter.

9 (27) (a) "Legal custody" means the legal status created by order of a court of competent jurisdiction that
10 gives a person the right and duty to:

11 (i) have physical custody of the youth;

12 (ii) determine with whom the youth shall live and for what period;

13 (iii) protect, train, and discipline the youth; and

14 (iv) provide the youth with food, shelter, education, and ordinary medical care.

15 (b) An individual granted legal custody of a youth shall personally exercise the individual's rights and
16 duties as guardian unless otherwise authorized by the court entering the order.

17 (28) "Necessary parties" includes the youth and the youth's parents, guardian, custodian, or spouse.

18 (29) "Out-of-home placement" means placement of a youth in a program, facility, or home, other than
19 a custodial parent's home, for purposes other than preadjudicatory detention. The term does not include shelter
20 care or emergency placement of less than 45 days.

21 (30) "Parent" means the natural or adoptive parent but does not include a person whose parental rights
22 have been judicially terminated, nor does it include the putative father of an illegitimate youth unless the putative
23 father's paternity is established by an adjudication or by other clear and convincing proof.

24 (31) "Probable cause hearing" means the hearing provided for in 41-5-332.

25 (32) "Regional detention facility" means a youth detention facility established and maintained by two or
26 more counties, as authorized in 41-5-1804.

27 (33) "Restitution" means payments in cash to the victim or with services to the victim or the general
28 community when these payments are made pursuant to a consent adjustment, consent decree, or other youth
29 court order.

30 (34) "Running away from home" means that a youth has been reported to have run away from home

1 without the consent of a parent or guardian or a custodian having legal custody of the youth.

2 (35) "Secure detention facility" means a public or private facility that:

3 (a) is used for the temporary placement of youth or individuals accused or convicted of criminal offenses
4 or as a sanction for contempt of court, violation of a parole agreement, or violation of a valid court order; and

5 (b) is designed to physically restrict the movements and activities of youth or other individuals held in
6 lawful custody of the facility.

7 (36) "Serious juvenile offender" means a youth who has committed an offense that would be considered
8 a felony offense if committed by an adult and that is an offense against a person, an offense against property,
9 or an offense involving dangerous drugs.

10 (37) "Shelter care" means the temporary substitute care of youth in physically unrestricting facilities.

11 (38) "Shelter care facility" means a facility used for the shelter care of youth. The term is limited to the
12 facilities enumerated in 41-5-347.

13 (39) "Short-term detention center" means a detention facility licensed by the department for the
14 temporary placement or care of youth, for a period not to exceed 10 days excluding weekends and legal
15 holidays, pending a probable cause hearing, release, or transfer of the youth to an appropriate detention facility,
16 youth assessment center, or shelter care facility.

17 (40) "State youth correctional facility" means the Pine Hills youth correctional facility in Miles City or the
18 Riverside youth correctional facility in Boulder.

19 (41) "Substitute care" means full-time care of youth in a residential setting for the purpose of providing
20 food, shelter, security and safety, guidance, direction, and, if necessary, treatment to youth who are removed
21 from or are without the care and supervision of their parents or guardians.

22 (42) "Victim" means:

23 (a) a person who suffers property, physical, or emotional injury as a result of an offense committed by
24 a youth that would be a criminal offense if committed by an adult;

25 (b) an adult relative of the victim, as defined in subsection (42)(a), if the victim is a minor; and

26 (c) an adult relative of a homicide victim.

27 (43) "Youth" means an individual who is less than 18 years of age without regard to sex or emancipation.

28 (44) "Youth assessment" means a multidisciplinary assessment of a youth as provided in ~~41-5-1204~~
29 41-5-1203.

30 (45) "Youth assessment center" means a staff-secured location that is licensed by the department of

1 public health and human services to hold a youth for up to 10 days for the purpose of providing an immediate
2 and comprehensive community-based youth assessment to assist the youth and the youth's family in addressing
3 the youth's behavior.

4 (46) "Youth care facility" has the meaning provided in 52-2-602.

5 (47) "Youth court" means the court established pursuant to this chapter to hear all proceedings in which
6 a youth is alleged to be a delinquent youth or a youth in need of intervention and includes the youth court judge,
7 probation officers, and assessment officers.

8 (48) "Youth court records" means information or data, either in written or electronic form, maintained by
9 the youth court pertaining to a youth under jurisdiction of the youth court and includes reports of preliminary
10 inquiries, petitions, motions, other filed pleadings, court findings, verdicts, orders and decrees, youth assessment
11 materials, predispositional studies, and supervision records of probationers. Youth court records do not include
12 information provided by the youth court to the department of public health and human services' management
13 information system.

14 (49) "Youth detention facility" means a secure detention facility licensed by the department for the
15 temporary substitute care of youth that is:

16 (a) (i) operated, administered, and staffed separately and independently of a jail; or

17 (ii) a collocated secure detention facility that complies with 28 CFR, part 31; and

18 (b) used exclusively for the lawful detention of alleged or adjudicated delinquent youth or as a sanction
19 for contempt of court, violation of a parole agreement, or violation of a valid court order.

20 (50) "Youth in need of intervention" means a youth who is adjudicated as a youth and who commits an
21 offense prohibited by law that if committed by an adult would not constitute a criminal offense, including but not
22 limited to a youth who:

23 (a) violates any Montana municipal or state law regarding alcoholic beverages;

24 (b) continues to exhibit behavior, including running away from home or habitual truancy, beyond the
25 control of the youth's parents, foster parents, physical custodian, or guardian despite the attempt of the youth's
26 parents, foster parents, physical custodian, or guardian to exert all reasonable efforts to mediate, resolve, or
27 control the youth's behavior; or

28 (c) has committed any of the acts of a delinquent youth but whom the youth court, in its discretion,
29 chooses to regard as a youth in need of intervention."

30

1 **Section 82.** Section 41-5-215, MCA, is amended to read:

2 **"41-5-215. Youth court and department records -- notification of school.** (1) Reports of preliminary
3 inquiries, petitions, motions, other filed pleadings, court findings, verdicts, and orders and decrees on file with
4 the clerk of court are public records and are open to public inspection until the records are sealed under
5 41-5-216.

6 (2) Social, medical, and psychological records, youth assessment materials, predispositional studies,
7 and supervision records of probationers are open only to the following:

8 (a) the youth court and its professional staff;

9 (b) representatives of any agency providing supervision and having legal custody of a youth;

10 (c) any other person, by order of the court, having a legitimate interest in the case or in the work of the
11 court;

12 (d) any court and its probation and other professional staff or the attorney for a convicted party who had
13 been a party to proceedings in the youth court when considering the sentence to be imposed upon the party;

14 (e) the county attorney;

15 (f) the youth who is the subject of the report or record, after emancipation or reaching the age of
16 majority;

17 (g) a member of a county interdisciplinary child information team formed under 52-2-211 who is not
18 listed in this subsection (2);

19 (h) members of a local interagency staffing group provided for in 52-2-203;

20 (i) persons allowed access to the ~~records~~ reports referred to under 45-5-624(7); and

21 (j) persons allowed access under 42-3-203.

22 (3) (a) Notwithstanding the requirements of 20-5-321(1)(d) or (1)(e) and subject to the provisions of
23 subsection (3)(b) of this section, the youth court shall notify the school district that the youth presently attends
24 or the school district that the youth has applied to attend of a youth's suspected drug use or criminal activity if
25 after an investigation has been completed:

26 (i) the youth has admitted the allegation or a petition has been filed with the youth court; and

27 (ii) a juvenile probation officer has reason to believe that a youth is currently involved with drug use or
28 other criminal activity that has a bearing on the safety of children.

29 (b) Notification under subsection (3)(a) may not be given for status offenses.

30 (c) A school district may not refuse to accept the student if refusal violates the federal Individuals With

1 Disabilities Education Act or the federal Americans With Disabilities Act of 1990.

2 (4) In all cases, a victim is entitled to all information concerning the identity and disposition of the youth,
3 as provided in 41-5-1416.

4 (5) The identity of a youth who for the second or subsequent time admits violating or is adjudicated as
5 having violated a statute must be disclosed by youth court officials to the administrative officials of the school
6 in which the youth is a student. The administrative officials may enforce school disciplinary procedures that
7 existed at the time of the admission or adjudication. The information may not be further disclosed and may not
8 be made part of the student's permanent records.

9 (6) The school district may disclose, without consent, personally identifiable information from an
10 education record of a pupil to the youth court and law enforcement authorities pertaining to violations of the
11 Montana Youth Court Act or criminal laws by the pupil. The youth court or law enforcement authorities receiving
12 the information shall certify in writing to the school district that the information will not be disclosed to any other
13 party except as provided under state law without the prior consent of the parent or guardian of the pupil.

14 (7) Any part of records information secured from records listed in subsection (2), when presented to and
15 used by the court in a proceeding under this chapter, must also be made available to the counsel for the parties
16 to the proceedings."

17

18 **Section 83.** Section 41-5-216, MCA, is amended to read:

19 **"41-5-216. Disposition of youth court, law enforcement, and department records.** (1) Youth court
20 records, law enforcement records, and department records that are not exempt from sealing under subsections
21 (4) and (6) and that pertain to a youth covered by this chapter must be physically sealed 3 years after supervision
22 for an offense ends. In those cases in which jurisdiction of the court or any agency is extended beyond the
23 youth's 18th birthday, the records must be physically sealed upon termination of the extended jurisdiction.

24 (2) Except as provided in subsection (6), when the records pertaining to a youth pursuant to this section
25 are sealed, an agency, other than the department, that has in its possession copies of the sealed records shall
26 destroy the copies of the records. Anyone violating the provisions of this subsection is subject to contempt of
27 court.

28 (3) Except as provided in subsection (6), this section does not prohibit the destruction of records with
29 the consent of the youth court judge or county attorney after 10 years from the date of sealing.

30 (4) The requirements for sealed records in this section do not apply to fingerprints, DNA records,

1 photographs, youth traffic records, records in any case in which the youth did not fulfill all requirements of the
 2 court's judgment or disposition, ~~or~~ records referred to in 42-3-203, or reports referred to in 45-5-624(7).

3 (5) After youth court records, law enforcement records, and department records are sealed, they are
 4 not open to inspection except, upon order of the youth court, for good cause, including when a youth commits
 5 a new offense, to:

6 (a) those persons and agencies listed in 41-5-215(2); and

7 (b) adult probation professional staff preparing a presentence report on a youth who has reached the
 8 age of majority.

9 (6) (a) When youth court records, law enforcement records, and department records are sealed under
 10 subsection (1), the electronic records of the management information system maintained by the department of
 11 public health and human services relating to the youth whose records are being sealed must be preserved for
 12 the express purpose of research and program evaluation as provided in subsection (6)(b).

13 (b) The department of public health and human services shall disassociate the offense and disposition
 14 information from the name of the youth in the management information system. The offense and disposition
 15 information must be maintained separately and may be used only:

16 (i) for research and program evaluation authorized by the department of public health and human
 17 services and subject to any applicable laws; and

18 (ii) as provided in Title 5, chapter 13."
 19

20 **Section 84.** Section 42-10-101, MCA, is amended to read:

21 **"42-10-101. Short title.** ~~This part~~ Sections 42-10-101 through 42-10-109 may be cited as "The
 22 Subsidized Adoption Act of 1977"."
 23

24 **Section 85.** Section 45-5-503, MCA, is amended to read:

25 **"45-5-503. Sexual intercourse without consent.** (1) A person who knowingly has sexual intercourse
 26 without consent with another person commits the offense of sexual intercourse without consent. A person may
 27 not be convicted under this section based on the age of the person's spouse, as provided in
 28 45-5-501(1)(b)(~~iii~~)(iv).
 29

30 (2) A person convicted of sexual intercourse without consent shall be punished by life imprisonment
 or by imprisonment in the state prison for a term of not less than 2 years or more than 100 years and may be

1 fined not more than \$50,000, except as provided in 46-18-219 and 46-18-222.

2 (3) (a) If the victim is less than 16 years old and the offender is 3 or more years older than the victim
3 or if the offender inflicts bodily injury upon anyone in the course of committing sexual intercourse without
4 consent, the offender shall be punished by life imprisonment or by imprisonment in the state prison for a term
5 of not less than 4 years or more than 100 years and may be fined not more than \$50,000, except as provided
6 in 46-18-219 and 46-18-222.

7 (b) If two or more persons are convicted of sexual intercourse without consent with the same victim in
8 an incident in which each offender was present at the location where another offender's offense occurred during
9 a time period in which each offender could have reasonably known of the other's offense, each offender shall
10 be punished by life imprisonment or by imprisonment in the state prison for a term of not less than 5 years or
11 more than 100 years and may be fined not more than \$50,000, except as provided in 46-18-219 and 46-18-222.

12 (c) If the offender was previously convicted of an offense under this section or of an offense under the
13 laws of another state or of the United States that if committed in this state would be an offense under this section
14 and if the offender inflicted serious bodily injury upon a person in the course of committing each offense, the
15 offender shall be:

16 (i) punished by death as provided in 46-18-301 through 46-18-310, unless the offender is less than 18
17 years of age at the time of the commission of the offense; or

18 (ii) punished as provided in 46-18-219.

19 (d) If the victim was incarcerated in an adult or juvenile correctional, detention, or treatment facility at
20 the time of the offense and the offender had supervisory or disciplinary authority over the victim, the offender
21 shall be punished by imprisonment in the state prison for a term of not more than 5 years or fined an amount
22 not to exceed \$50,000, or both.

23 (4) In addition to any sentence imposed under subsection (2) or (3), after determining the financial
24 resources and future ability of the offender to pay restitution as required by 46-18-242, the court shall require
25 the offender, if able, to pay the victim's reasonable medical and counseling costs that result from the offense.
26 The amount, method, and time of payment must be determined in the same manner as provided for in
27 46-18-244.

28 (5) As used in subsection (3), an act "in the course of committing sexual intercourse without consent"
29 includes an attempt to commit the offense or flight after the attempt or commission."

30

1 **Section 86.** Section 45-5-603, MCA, is amended to read:

2 **"45-5-603. Aggravated promotion of prostitution.** (1) A person commits the offense of aggravated
3 promotion of prostitution if the person purposely or knowingly commits any of the following acts:

4 (a) compels another to engage in or promote prostitution;

5 (b) promotes prostitution of a child under the age of 18 years, whether or not the person is aware of the
6 child's age;

7 (c) promotes the prostitution of one's spouse, child, ward, or any person for whose care, protection, or
8 support the person is responsible.

9 (2) (a) Except as provided in subsection (2)(b), a person convicted of aggravated promotion of
10 prostitution shall be punished by:

11 (i) life imprisonment; or

12 (ii) by imprisonment in a state prison for a term not to exceed 20 years; or by a fine in an amount not to
13 exceed \$50,000, or both.

14 (b) Except as provided in 46-18-219 and 46-18-222, a person convicted of aggravated promotion of
15 prostitution of a child, who at the time of the offense is under 18 years of age, shall be punished by:

16 (i) life imprisonment; or

17 (ii) by imprisonment in a state prison for a term of not less than 4 years or more than 100 years; or by
18 a fine in an amount not to exceed \$100,000, or both."

19

20 **Section 87.** Section 45-9-101, MCA, is amended to read:

21 **"45-9-101. Criminal distribution of dangerous drugs.** (1) A person commits the offense of criminal
22 distribution of dangerous drugs if the person sells, barter, exchanges, gives away, or offers to sell, barter,
23 exchange, or give away any dangerous drug, as defined in 50-32-101.

24 (2) A person convicted of criminal distribution of a narcotic drug, as defined in 50-32-101(18)(d), or an
25 opiate, as defined in 50-32-101(19), shall be imprisoned in the state prison for a term of not less than 2 years
26 or more than life and may be fined not more than \$50,000, except as provided in 46-18-222.

27 (3) A person convicted of criminal distribution of a dangerous drug included in Schedule I or Schedule
28 II pursuant to 50-32-222 or 50-32-224, except marijuana or tetrahydrocannabinol, who has a prior conviction for
29 criminal distribution of such a drug shall be imprisoned in the state prison for a term of not less than 10 years
30 or more than life and may be fined not more than \$50,000, except as provided in 46-18-222. Upon a third or

1 subsequent conviction for criminal distribution of such a drug, the person shall be imprisoned in the state prison
2 for a term of not less than 20 years or more than life and may be fined not more than \$50,000, except as
3 provided in 46-18-222.

4 (4) A person convicted of criminal distribution of dangerous drugs not otherwise provided for in
5 subsection (2), (3), or (5) shall be imprisoned in the state prison for a term of not less than 1 year or more than
6 life or be fined an amount of not more than \$50,000, or both.

7 (5) A person who was an adult at the time of distribution and who is convicted of criminal distribution
8 of dangerous drugs to a minor shall be sentenced as follows:

9 (a) If convicted pursuant to subsection (2), the person shall be imprisoned in the state prison for not less
10 than 4 years or more than life and may be fined not more than \$50,000, except as provided in 46-18-222.

11 (b) If convicted of the distribution of a dangerous drug included in Schedule I or Schedule II pursuant
12 to 50-32-222 or 50-32-224 and if previously convicted of such a distribution, the person shall be imprisoned in
13 the state prison for not less than 20 years or more than life and may be fined not more than \$50,000, except as
14 provided in 46-18-222.

15 (c) If convicted of the distribution of a dangerous drug included in Schedule I or Schedule II pursuant
16 to 50-32-222 or 50-32-224 and if previously convicted of two or more such distributions, the person shall be
17 imprisoned in the state prison for not less than 40 years or more than life and may be fined not more than
18 \$50,000, except as provided in 46-18-222.

19 (d) If convicted pursuant to subsection (4), the person shall be imprisoned in the state prison for not less
20 than 2 years or more than life and may be fined not more than \$50,000, except as provided in 46-18-222.

21 (6) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of
22 a professional practice, ~~as defined by 50-32-101~~, are exempt from this section."
23

24 **Section 88.** Section 45-9-102, MCA, is amended to read:

25 **"45-9-102. Criminal possession of dangerous drugs.** (1) A person commits the offense of criminal
26 possession of dangerous drugs if the person possesses any dangerous drug, as defined in 50-32-101.

27 (2) A person convicted of criminal possession of marijuana or its derivatives in an amount the aggregate
28 weight of which does not exceed 60 grams of marijuana or 1 gram of hashish is, for the first offense, guilty of
29 a misdemeanor and shall be punished by a fine of not less than \$100 or more than \$500 and by imprisonment
30 in the county jail for not more than 6 months. The minimum fine must be imposed as a condition of a suspended

1 or deferred sentence. A person convicted of a second or subsequent offense under this subsection is punishable
2 by a fine not to exceed \$1,000 or by imprisonment in the county jail for a term not to exceed 1 year or in the state
3 prison for a term not to exceed 3 years or by both ~~such fine and imprisonment~~.

4 (3) A person convicted of criminal possession of an anabolic steroid as listed in 50-32-226 is, for the
5 first offense, guilty of a misdemeanor and shall be punished by a fine of not less than \$100 or more than \$500
6 or by imprisonment in the county jail for not more than 6 months, or both.

7 (4) A person convicted of criminal possession of an opiate, as defined in 50-32-101(19), shall be
8 imprisoned in the state prison for a term of not less than 2 years or more than 5 years and may be fined not more
9 than \$50,000, except as provided in 46-18-222.

10 (5) A person convicted of criminal possession of dangerous drugs not otherwise provided for in
11 subsection (2), (3), or (4) shall be imprisoned in the state prison for a term not to exceed 5 years or be fined an
12 amount not to exceed \$50,000, or both.

13 (6) A person convicted of a first violation under this section is presumed to be entitled to a deferred
14 imposition of sentence of imprisonment.

15 (7) Ultimate users and practitioners, as defined in 50-32-101, and agents under their supervision acting
16 in the course of a professional practice, ~~as defined by 50-32-101~~, are exempt from this section."
17

18 **Section 89.** Section 45-9-103, MCA, is amended to read:

19 **"45-9-103. Criminal possession with intent to distribute.** (1) A person commits the offense of
20 criminal possession with intent to distribute if the person possesses with intent to distribute any dangerous drug
21 as defined in 50-32-101.

22 (2) A person convicted of criminal possession of an opiate, as defined in 50-32-101(19), with intent to
23 distribute shall be imprisoned in the state prison for a term of not less than 2 years or more than 20 years and
24 may be fined not more than \$50,000, except as provided in 46-18-222.

25 (3) A person convicted of criminal possession with intent to distribute not otherwise provided for in
26 subsection (2) shall be imprisoned in the state prison for a term of not more than 20 years or be fined an amount
27 not to exceed \$50,000, or both.

28 (4) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of
29 a professional practice ~~as defined by 50-32-101~~ are exempt from this section."
30

1 **Section 90.** Section 45-9-110, MCA, is amended to read:

2 **"45-9-110. Criminal production or manufacture of dangerous drugs.** (1) A person commits the
3 offense of criminal production or manufacture of dangerous drugs if the person knowingly or purposely produces,
4 manufactures, prepares, cultivates, compounds, or processes a dangerous drug, as defined in 50-32-101.

5 (2) A person convicted of criminal production or manufacture of a narcotic drug, as defined in
6 50-32-101(18)(d), or an opiate, as defined in 50-32-101(19), shall be imprisoned in the state prison for a term
7 of not less than 5 years or more than life and may be fined not more than \$50,000, except as provided in
8 46-18-222.

9 (3) A person convicted of criminal production or manufacture of a dangerous drug included in Schedule
10 I of 50-32-222 or Schedule II of 50-32-224, except marijuana or tetrahydrocannabinol, who has a prior conviction
11 that has become final for criminal production or manufacture of a Schedule I or Schedule II drug shall be
12 imprisoned in the state prison for a term of not less than 20 years or more than life and may be fined not more
13 than \$50,000, except as provided in 46-18-222. Upon a third or subsequent conviction that has become final
14 for criminal production or manufacture of a Schedule I or Schedule II drug, the person shall be imprisoned in the
15 state prison for a term of not less than 40 years or more than life and may be fined not more than \$50,000,
16 except as provided in 46-18-222.

17 (4) A person convicted of criminal production or manufacture of marijuana, tetrahydrocannabinol, or a
18 dangerous drug not referred to in subsections (2) and (3) shall be imprisoned in the state prison for a term not
19 to exceed 10 years and may be fined not more than \$50,000, except that if the dangerous drug is marijuana and
20 the total weight is more than a pound or the number of plants is more than 30, the person shall be imprisoned
21 in the state prison for not less than 2 years or more than life and may be fined not more than \$50,000. "Weight"
22 means the weight of the dry plant and includes the leaves and stem structure but does not include the root
23 structure. A person convicted under this subsection who has a prior conviction that has become final for criminal
24 production or manufacture of a drug under this subsection shall be imprisoned in the state prison for a term not
25 to exceed twice that authorized for a first offense under this subsection and may be fined not more than
26 \$100,000.

27 (5) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of
28 a professional practice, ~~as defined in 50-32-101~~, are exempt from this section."
29

30 **Section 91.** Section 45-10-107, MCA, is amended to read:

1 **"45-10-107. Exemptions.** Practitioners, as defined in 50-32-101, and agents under their supervision
2 acting in the course of a professional practice ~~as defined by 50-32-101~~ are exempt from this part."

3

4 **Section 92.** Section 46-18-242, MCA, is amended to read:

5 **"46-18-242. Investigation and report of victim's loss.** (1) Whenever the court believes that a victim
6 of the offense may have sustained a pecuniary loss as a result of the offense or whenever the prosecuting
7 attorney requests, the court shall order the probation officer, restitution officer, or other designated person to
8 include in the presentence investigation and report:

9 (a) documentation of the offender's financial resources and future ability to pay restitution; and

10 (b) documentation of the victim's pecuniary loss, submitted by the victim or by the ~~board of crime control~~
11 department of justice if compensation for the victim's loss has been reimbursed by the state.

12 (2) When a presentence report is not authorized or requested, the court may receive evidence of the
13 offender's ability to pay and the victim's loss at the time of sentencing."

14

15 **Section 93.** Section 46-23-1004, MCA, is amended to read:

16 **"46-23-1004. Duties of department.** The department is responsible for any investigation and
17 supervision requested by the board or the courts for felony offenders. The department shall:

18 (1) divide the state into districts and assign probation and parole officers to serve in these districts and
19 courts;

20 (2) obtain any necessary office quarters for the staff in each district;

21 (3) assign the secretarial, bookkeeping, and accounting work to the clerical employees, including receipt
22 and disbursement of money;

23 (4) direct the work of the probation and parole officers and other employees;

24 (5) formulate methods of investigation, supervision, recordkeeping, and reports;

25 (6) conduct training courses for the staff;

26 (7) cooperate with all agencies, public and private, that are concerned with the treatment or welfare of
27 persons on probation or parole;

28 (8) administer the ~~interstate compact for the supervision of parolees and probationers~~ Interstate
29 Compact for Adult Offender Supervision; and

30 (9) notify the employer of a probationer or parolee if the probationer or parolee has been convicted of

1 an offense involving theft from an employer."
2

3 **Section 94.** Section 46-24-211, MCA, is amended to read:

4 **"46-24-211. Information concerning appeal or postconviction remedies.** If the defendant appeals;
5 or pursues a postconviction remedy; or the district court grants a hearing under Title 41, chapter 5, part 25, the
6 attorney general; or the county attorney if the case has not been referred to the attorney general; shall promptly
7 inform the victim of the notice of appeal, hearing under Title 41, chapter 5, part 25, or postconviction petition,
8 of the date, time, and place of any hearing, and of the decision."
9

10 **Section 95.** Section 50-2-111, MCA, is amended to read:

11 **"50-2-111. City-county board appropriations.** If a city-county board is created, it is financed by one
12 of the following methods:

13 (1) (a) The county commissioners and governing body of each participating city may mutually agree
14 upon the division of expenses.

15 (b) The county's part of the total expenses is financed by an appropriation from the general fund of the
16 county after approval of a budget in the way provided for other county offices and departments under Title 7,
17 chapter 6, part 40.

18 (c) Each participating city's part of the total expenses is financed by an appropriation from the general
19 fund of the city after approval of a budget in the way provided for other city offices and departments under Title
20 7, chapter 6, part 40.

21 (d) All money must be deposited with the county treasurer who shall disburse the money as county
22 funds.

23 (2) (a) The county commissioners and governing body of each participating city may mutually agree
24 upon the division of the expenses.

25 (b) Subject to 15-10-420, the county's part of the total expenses is financed by a levy on the taxable
26 value of all taxable property outside the incorporated limits of each participating city after approval of a budget
27 in the way provided for other county offices and departments under Title 7, chapter 6, part 40. If the levy is not
28 sufficient to fund the county's share, the county commissioners may supplement it with an appropriation from
29 the county general fund.

30 (c) Subject to 15-10-420, each participating city's part of the total expenses is financed by a levy on the

1 taxable ~~[value]~~ value of all taxable property within the incorporated limits of the city after approval of a budget
2 in the way provided for other city offices and departments under Title 7, chapter 6, part 40.

3 (d) All money must be deposited with the county treasurer who shall disburse the money as county
4 funds.

5 (e) The levies authorized by this subsection (2) are in addition to all other levies authorized by law."
6

7 **Section 96.** Section 50-4-502, MCA, is amended to read:

8 **"50-4-502. Health care database -- information submitted.** (1) The department, ~~with advice from the~~
9 ~~health care advisory council,~~ shall design and develop a health care database that includes data on health care
10 resources and the cost and quality of health care services. The purpose of the database is to assist in
11 developing and monitoring the progress of incremental health care reform measures that increase access to
12 health care services, promote cost containment, and maintain quality of care.

13 (2) The department shall work in conjunction with health care providers, health insurers, health care
14 facilities, private entities, and entities of state and local governments to determine the information necessary to
15 fulfill the purposes of the database provided in subsection (1).

16 (3) The department shall adopt by rule a confidentiality code to ensure that information in the database
17 is maintained and used according to state law governing confidential health care information.

18 (4) The department shall make recommendations to the legislature by October 1, 1996, on the actions
19 needed to establish the database, including an estimate of the fiscal impact on state and local government,
20 health care providers, health insurers, health care facilities, and private entities."
21

22 **Section 97.** Section 50-4-504, MCA, is amended to read:

23 **"50-4-504. Definitions.** As used in this part, the following definitions apply:

24 (1) "Database" means the health care database created pursuant to 50-4-502.

25 (2) "Department" means the department of public health and human services provided for in Title 2,
26 chapter 15, part 22.

27 (3) "Health care" includes both physical health care and mental health care.

28 ~~(4) "Health care advisory council" means the council provided for in 50-4-103, 50-4-104, 50-4-203~~
29 ~~through 50-4-206, and 50-4-403.~~

30 ~~(5)(4)~~ "Health care facility" means all facilities and institutions, whether public or private, proprietary or

1 nonprofit, that offer diagnosis, treatment, and inpatient or ambulatory care to two or more unrelated persons. The
 2 term includes all facilities and institutions included in the definition of health care facility contained in 50-5-101.
 3 The term does not apply to a facility operated by religious groups relying solely on spiritual means, through
 4 prayer, for healing.

5 ~~(6)~~(5) "Health care provider" or "provider" means a person who is licensed, certified, or otherwise
 6 authorized by the laws of this state to provide health care in the ordinary course of business or practice of a
 7 profession.

8 ~~(7)~~(6) "Health insurer" means any health insurance company, health service corporation, health
 9 maintenance organization, insurer providing disability insurance as described in 33-1-207, and, to the extent
 10 permitted under federal law, any administrator of an insured, self-insured, or publicly funded health care benefit
 11 plan offered by public and private entities."
 12

13 **Section 98.** Section 50-4-505, MCA, is amended to read:

14 **"50-4-505. Uniform claim forms and procedures.** The commissioner of insurance, ~~after consultation~~
 15 ~~with the health care advisory council,~~ may adopt by rule uniform health insurance claim forms and uniform
 16 standards and procedures for the use of the forms and processing of claims, including the submission of claims
 17 by means of an electronic claims processing system."
 18

19 **Section 99.** Section 50-5-101, MCA, is amended to read:

20 **"50-5-101. Definitions.** As used in parts 1 through 3 of this chapter, unless the context clearly indicates
 21 otherwise, the following definitions apply:

22 (1) "Accreditation" means a designation of approval.

23 (2) "Adult day-care center" means a facility, freestanding or connected to another health care facility,
 24 that provides adults, on a regularly scheduled basis, with the care necessary to meet the needs of daily living
 25 but that does not provide overnight care.

26 (3) (a) "Adult foster care home" means a private home or other facility that offers, except as provided
 27 in 50-5-216, only light personal care or custodial care to four or fewer disabled adults or aged persons who are
 28 not related to the owner or manager of the home by blood, marriage, or adoption or who are not under the full
 29 guardianship of the owner or manager.

30 (b) As used in this subsection (3), the following definitions apply:

- 1 (i) "Aged person" means a person as defined by department rule as aged.
- 2 (ii) "Custodial care" means providing a sheltered, family-type setting for an aged person or disabled adult
3 so as to provide for the person's basic needs of food and shelter and to ensure that a specific person is available
4 to meet those basic needs.
- 5 (iii) "Disabled adult" means a person who is 18 years of age or older and who is defined by department
6 rule as disabled.
- 7 (iv) "Light personal care" means assisting the aged person or disabled adult in accomplishing such
8 personal hygiene tasks as bathing, dressing, and hair grooming and supervision of prescriptive medicine
9 administration. The term does not include the administration of prescriptive medications.
- 10 (4) "Affected person" means an applicant for a certificate of need, a health care facility located in the
11 geographic area affected by the application, an agency that establishes rates for health care facilities, or a
12 third-party payer who reimburses health care facilities in the area affected by the proposal.
- 13 (5) "Capital expenditure" means:
- 14 (a) an expenditure made by or on behalf of a health care facility that, under generally accepted
15 accounting principles, is not properly chargeable as an expense of operation and maintenance; or
16 (b) a lease, donation, or comparable arrangement that would be a capital expenditure if money or any
17 other property of value had changed hands.
- 18 (6) "Certificate of need" means a written authorization by the department for a person to proceed with
19 a proposal subject to 50-5-301.
- 20 (7) "Chemical dependency facility" means a facility whose function is the treatment, rehabilitation, and
21 prevention of the use of any chemical substance, including alcohol, that creates behavioral or health problems
22 and endangers the health, interpersonal relationships, or economic function of an individual or the public health,
23 welfare, or safety.
- 24 (8) "Clinical laboratory" means a facility for the microbiological, serological, chemical, hematological,
25 radiobioassay, cytological, immunohematological, pathological, or other examination of materials derived from
26 the human body for the purpose of providing information for the diagnosis, prevention, or treatment of a disease
27 or assessment of a medical condition.
- 28 (9) "College of American pathologists" means the organization nationally recognized by that name that
29 surveys clinical laboratories upon their requests and accredits clinical laboratories that it finds meet its standards
30 and requirements.

1 (10) "Commission on accreditation of rehabilitation facilities" means the organization nationally
2 recognized by that name that surveys rehabilitation facilities upon their requests and grants accreditation status
3 to a rehabilitation facility that it finds meets its standards and requirements.

4 (11) "Comparative review" means a joint review of two or more certificate of need applications that are
5 determined by the department to be competitive in that the granting of a certificate of need to one of the
6 applicants would substantially prejudice the department's review of the other applications.

7 (12) "Construction" means the physical erection of a health care facility and any stage of the physical
8 erection, including groundbreaking, or remodeling, replacement, or renovation of an existing health care facility.

9 (13) "Critical access hospital" means a facility that is located in a rural area, as defined in 42 U.S.C.
10 1395ww(d)(2)(D), and that has been designated by the department as a critical access hospital pursuant to
11 50-5-233.

12 (14) "Department" means the department of public health and human services provided for in 2-15-2201.

13 (15) "End-stage renal dialysis facility" means a facility that specializes in the treatment of kidney
14 diseases and includes freestanding hemodialysis units.

15 (16) "Federal acts" means federal statutes for the construction of health care facilities.

16 (17) "Governmental unit" means the state, a state agency, a county, municipality, or political subdivision
17 of the state, or an agency of a political subdivision.

18 (18) "Health care facility" or "facility" means all or a portion of an institution, building, or agency, private
19 or public, excluding federal facilities, whether organized for profit or not, that is used, operated, or designed to
20 provide health services, medical treatment, or nursing, rehabilitative, or preventive care to any individual. The
21 term does not include offices of private physicians, dentists, or other physical or mental health care workers
22 regulated under Title 37, including ~~chemical dependency~~ licensed addiction counselors. The term includes
23 chemical dependency facilities, critical access hospitals, end-stage renal dialysis facilities, health maintenance
24 organizations, home health agencies, home infusion therapy agencies, hospices, hospitals, infirmaries, long-term
25 care facilities, medical assistance facilities, mental health centers, outpatient centers for primary care, outpatient
26 centers for surgical services, rehabilitation facilities, residential care facilities, and residential treatment facilities.

27 (19) "Health maintenance organization" means a public or private organization that provides or arranges
28 for health care services to enrollees on a prepaid or other financial basis, either directly through provider
29 employees or through contractual or other arrangements with a provider or group of providers.

30 (20) "Home health agency" means a public agency or private organization or subdivision of the agency

1 or organization that is engaged in providing home health services to individuals in the places where they live.
2 Home health services must include the services of a licensed registered nurse and at least one other therapeutic
3 service and may include additional support services.

4 (21) "Home infusion therapy agency" means a health care facility that provides home infusion therapy
5 services.

6 (22) "Home infusion therapy services" means the preparation, administration, or furnishing of parenteral
7 medications or parenteral or enteral nutritional services to an individual in that individual's residence. The
8 services include an educational component for the patient, the patient's caregiver, or the patient's family
9 member.

10 (23) "Hospice" means a coordinated program of home and inpatient health care that provides or
11 coordinates palliative and supportive care to meet the needs of a terminally ill patient and the patient's family
12 arising out of physical, psychological, spiritual, social, and economic stresses experienced during the final stages
13 of illness and dying and that includes formal bereavement programs as an essential component. The term
14 includes:

15 (a) an inpatient hospice facility, which is a facility managed directly by a medicare-certified hospice that
16 meets all medicare certification regulations for freestanding inpatient hospice facilities; and

17 (b) a residential hospice facility, which is a facility managed directly by a licensed hospice program that
18 can house three or more hospice patients.

19 (24) "Hospital" means a facility providing, by or under the supervision of licensed physicians, services
20 for medical diagnosis, treatment, rehabilitation, and care of injured, disabled, or sick individuals. Services
21 provided may or may not include obstetrical care, emergency care, or any other service allowed by state
22 licensing authority. A hospital has an organized medical staff that is on call and available within 20 minutes, 24
23 hours a day, 7 days a week, and provides 24-hour nursing care by licensed registered nurses. The term includes
24 hospitals specializing in providing health services for psychiatric, mentally retarded, and tubercular patients, but
25 does not include critical access hospitals.

26 (25) "Infirmarium" means a facility located in a university, college, government institution, or industry for
27 the treatment of the sick or injured, with the following subdefinitions:

28 (a) an "infirmarium--A" provides outpatient and inpatient care;

29 (b) an "infirmarium--B" provides outpatient care only.

30 (26) "Intermediate developmental disability care" means the provision of nursing care services,

1 health-related services, and social services for persons with developmental disabilities, as defined in 53-20-102,
2 or for individuals with related problems.

3 (27) "Intermediate nursing care" means the provision of nursing care services, health-related services,
4 and social services under the supervision of a licensed nurse to patients not requiring 24-hour nursing care.

5 (28) "Joint commission on accreditation of healthcare organizations" means the organization nationally
6 recognized by that name that surveys health care facilities upon their requests and grants accreditation status
7 to a health care facility that it finds meets its standards and requirements.

8 (29) (a) "Long-term care facility" means a facility or part of a facility that provides skilled nursing care,
9 residential care, intermediate nursing care, or intermediate developmental disability care to a total of two or more
10 individuals or that provides personal care.

11 (b) The term does not include community homes for persons with developmental disabilities licensed
12 under 53-20-305; community homes for persons with severe disabilities, licensed under 52-4-203; youth care
13 facilities, licensed under 52-2-622; hotels, motels, boardinghouses, roominghouses, or similar accommodations
14 providing for transients, students, or individuals who do not require institutional health care; or juvenile and adult
15 correctional facilities operating under the authority of the department of corrections.

16 (30) "Medical assistance facility" means a facility that meets both of the following:

17 (a) provides inpatient care to ill or injured individuals before their transportation to a hospital or that
18 provides inpatient medical care to individuals needing that care for a period of no longer than 96 hours unless
19 a longer period is required because transfer to a hospital is precluded because of inclement weather or
20 emergency conditions. The department or its designee may, upon request, waive the 96-hour restriction
21 retroactively and on a case-by-case basis if the individual's attending physician, physician assistant-certified,
22 or nurse practitioner determines that the transfer is medically inappropriate and would jeopardize the health and
23 safety of the individual.

24 (b) either is located in a county with fewer than six residents a square mile or is located more than 35
25 road miles from the nearest hospital.

26 (31) "Mental health center" means a facility providing services for the prevention or diagnosis of mental
27 illness, the care and treatment of mentally ill patients, the rehabilitation of mentally ill individuals, or any
28 combination of these services.

29 (32) "Nonprofit health care facility" means a health care facility owned or operated by one or more
30 nonprofit corporations or associations.

1 (33) "Offer" means the representation by a health care facility that it can provide specific health services.

2 (34) "Outpatient center for primary care" means a facility that provides, under the direction of a licensed
3 physician, either diagnosis or treatment, or both, to ambulatory patients and that is not an outpatient center for
4 surgical services.

5 (35) "Outpatient center for surgical services" means a clinic, infirmary, or other institution or organization
6 that is specifically designed and operated to provide surgical services to patients not requiring hospitalization
7 and that may include recovery care beds.

8 (36) "Patient" means an individual obtaining services, including skilled nursing care, from a health care
9 facility.

10 (37) "Person" means an individual, firm, partnership, association, organization, agency, institution,
11 corporation, trust, estate, or governmental unit, whether organized for profit or not.

12 (38) "Personal care" means the provision of services and care for residents who need some assistance
13 in performing the activities of daily living.

14 (39) "Personal-care facility" means a facility in which personal care is provided for residents in either a
15 category A facility or a category B facility as provided in 50-5-227.

16 (40) "Recovery care bed" means, except as provided in 50-5-235, a bed occupied for less than 24 hours
17 by a patient recovering from surgery or other treatment.

18 (41) "Rehabilitation facility" means a facility that is operated for the primary purpose of assisting in the
19 rehabilitation of disabled individuals by providing comprehensive medical evaluations and services,
20 psychological and social services, or vocational evaluation and training or any combination of these services
21 and in which the major portion of the services is furnished within the facility.

22 (42) "Resident" means an individual who is in a long-term care facility or in a residential care facility.

23 (43) "Residential care facility" means an adult day-care center, an adult foster care home, a
24 personal-care facility, or a retirement home.

25 (44) "Residential psychiatric care" means active psychiatric treatment provided in a residential treatment
26 facility to psychiatrically impaired individuals with persistent patterns of emotional, psychological, or behavioral
27 dysfunction of such severity as to require 24-hour supervised care to adequately treat or remedy the individual's
28 condition. Residential psychiatric care must be individualized and designed to achieve the patient's discharge
29 to less restrictive levels of care at the earliest possible time.

30 (45) "Residential treatment facility" means a facility operated for the primary purpose of providing

1 residential psychiatric care to individuals under 21 years of age.

2 (46) "Retirement home" means a building or buildings in which separate living accommodations are
3 rented or leased to individuals who use those accommodations as their primary residence.

4 (47) "Skilled nursing care" means the provision of nursing care services, health-related services, and
5 social services under the supervision of a licensed registered nurse on a 24-hour basis.

6 (48) "State health care facilities plan" means the plan prepared by the department to project the need
7 for health care facilities within Montana and approved by the governor and a statewide health coordinating
8 council appointed by the director of the department.

9 (49) "Swing bed" means a bed approved pursuant to 42 U.S.C. 1395tt to be used to provide either acute
10 care or extended skilled nursing care to a patient."

11

12 **Section 100.** Section 50-5-301, MCA, is amended to read:

13 **"50-5-301. When certificate of need is required -- definitions.** (1) Unless a person has submitted an
14 application for and is the holder of a certificate of need granted by the department, the person may not initiate
15 any of the following:

16 (a) the incurring of an obligation by or on behalf of a health care facility for any capital expenditure that
17 exceeds \$1.5 million, other than to acquire an existing health care facility. The costs of any studies, surveys,
18 designs, plans, working drawings, specifications, and other activities (including staff effort, consulting, and other
19 services) essential to the acquisition, improvement, expansion, or replacement of any plant with respect to which
20 an expenditure is made must be included in determining if the expenditure exceeds \$1.5 million.

21 (b) a change in the bed capacity of a health care facility through an increase in the number of beds or
22 a relocation of beds from one health care facility or site to another, unless:

23 (i) the number of beds involved is 10 or less or 10% or less of the licensed beds, if fractional, rounded
24 down to the nearest whole number, whichever figure is smaller, and no beds have been added or relocated
25 during the 2 years prior to the date on which the letter of intent for the proposal is received;

26 (ii) a letter of intent is submitted to the department; and

27 (iii) the department determines that the proposal will not significantly increase the cost of care provided
28 or exceed the bed need projected in the state health care facilities plan;

29 (c) the addition of a health service that is offered by or on behalf of a health care facility that was not
30 offered by or on behalf of the facility within the 12-month period before the month in which the service would be

- 1 offered and that will result in additional annual operating and amortization expenses of \$150,000 or more;
- 2 (d) the incurring of an obligation for a capital expenditure by any person or persons to acquire 50% or
3 more of an existing health care facility unless:
- 4 (i) the person submits the letter of intent required by 50-5-302(2); and
- 5 (ii) the department finds that the acquisition will not significantly increase the cost of care provided or
6 increase bed capacity;
- 7 (e) the construction, development, or other establishment of a health care facility that is being replaced
8 or that did not previously exist, by any person, including another type of health care facility;
- 9 (f) the expansion of the geographical service area of a home health agency;
- 10 (g) the use of hospital beds in excess of five to provide services to patients or residents needing only
11 skilled nursing care, intermediate nursing care, or intermediate developmental disability care, as those levels
12 of care are defined in 50-5-101;
- 13 (h) the provision by a hospital of services for home health care, long-term care, or inpatient chemical
14 dependency treatment; or
- 15 (i) the construction, development, or other establishment of a facility for ambulatory surgical care
16 through an outpatient center for surgical services in a county with a population of 20,000 or less according to
17 the most recent federal census or estimate.
- 18 (2) For purposes of this part, the following definitions apply:
- 19 (a) "Health care facility" or "facility" means a nonfederal home health agency, a long-term care facility,
20 or an inpatient chemical dependency facility. The term does not include:
- 21 (i) a hospital, except to the extent that a hospital is subject to certificate of need requirements pursuant
22 to subsection (1)(h);
- 23 (ii) an office of a private physician, dentist, or other physical or mental health care professionals,
24 including ~~chemical dependency~~ licensed addiction counselors; or
- 25 (iii) a rehabilitation facility or an outpatient center for surgical services.
- 26 (b) (i) "Long-term care facility" means an entity that provides skilled nursing care, intermediate nursing
27 care, or intermediate developmental disability care, as defined in 50-5-101, to a total of two or more individuals.
- 28 (ii) The term does not include residential care facilities, as defined in 50-5-101; community homes for
29 persons with developmental disabilities, licensed under 53-20-305; community homes for persons with severe
30 disabilities, licensed under 52-4-203; boarding or foster homes for children, licensed under 52-2-622; hotels,

1 motels, boardinghouses, roominghouses, or similar accommodations providing for transients, students, or
2 individuals not requiring institutional health care; or juvenile and adult correctional facilities operating under the
3 authority of the department of corrections.

4 (3) This section may not be construed to require a health care facility to obtain a certificate of need for
5 a nonreviewable service that would not be subject to a certificate of need if undertaken by a person other than
6 a health care facility."

7

8 **Section 101.** Section 50-60-313, MCA, is amended to read:

9 **"50-60-313. Petition for designation of county jurisdictional area and adoption of building code.**

10 (1) A county jurisdictional area and a building code applicable to that area may be adopted by petition as
11 provided in this section.

12 (2) A petition may be circulated by the record owner of real property to which the county jurisdictional
13 area will be applied or extended for the purpose of gathering signatures on the petition. Only a record owner of
14 real estate within the proposed county jurisdictional area is qualified to sign a petition.

15 (3) A petition to designate a county jurisdictional area may also be circulated by the board of county
16 commissioners. A petition circulated by the board of county commissioners is not subject to the requirements
17 of 50-60-310.

18 (4) Before a petition may be circulated for signatures, the language of the proposed building code must
19 be approved by the department of labor and industry and the form of the petition must be approved by the
20 election administrator of the county in which the real property is located. A building code proposed pursuant to
21 this section must be approved by the department of ~~commerce~~ labor and industry if it meets the criteria provided
22 in 50-60-302 for the approval of a code within a code enforcement program. The election administrator shall
23 approve the form of the petition if the petition meets, ~~and the election administrator shall comply with,~~ the
24 requirements of 7-5-134, 7-5-135, and this section, and the election administrator shall comply with those
25 requirements, except that:

26 (a) the number of valid signatures required for the creation or extension of the county jurisdictional area
27 is a majority of the record owners of real property located within the proposed jurisdictional area; and

28 (b) a petition containing the number of valid signatures required by this section is not submitted to a vote
29 by electors.

30 (5) An individual circulating a petition for signatures ~~must~~ shall make available to individuals who may

1 sign the petition a copy of the building code approved by the department of labor and industry and a map
2 showing the county jurisdictional area within which the code will apply. The petition must clearly indicate that the
3 individual signing the petition read and understood the provisions of the code and understood the geographic
4 area in which the code would be applied.

5 (6) The county jurisdictional area and the building code applicable to that area become effective 60 days
6 after the determination by the county election administrator that the petition has been signed by the number of
7 record owners of real property required by this section.

8 (7) (a) Except as provided in this subsection, once adopted by petition as provided in this section, a
9 county building code may not be amended except by petition in accordance with this section or by submitting
10 the modification to the electors as provided in 50-60-312.

11 (b) A county building code adopted by petition may be modified without petition or election if:

12 (i) the modification consists of a provision taken from a uniform or model building code; and

13 (ii) the provision does not regulate a wholly new component of a structure, such as wiring, plumbing, or
14 concrete foundation, that was previously unregulated."

15

16 **Section 102.** Section 52-1-103, MCA, is amended to read:

17 **"52-1-103. Powers and duties of department.** The department shall:

18 (1) administer and supervise all forms of child and adult protective services;

19 (2) act as the lead agency in coordinating and planning services to children with multiagency service
20 needs;

21 (3) establish a system of councils at the state and local levels to make recommendations and to advise
22 the department on issues, including children's issues;

23 (4) provide the following functions, as necessary, for youth in need of care:

24 (a) intake, investigation, case management, and client supervision;

25 (b) placement in youth care facilities;

26 (c) contracting for necessary services;

27 (d) protective services day care; and

28 (e) adoption;

29 (5) register or license youth care facilities, child-placing agencies, day-care facilities, community homes
30 for persons with developmental disabilities, community homes for severely disabled persons, and adult foster

- 1 care facilities;
- 2 (6) act as lead agency in implementing and coordinating child-care programs and services under the
- 3 Montana Child Care Act;
- 4 (7) administer the ~~interstate compact for children~~ Interstate Compact for the Placement of Children;
- 5 (8) (a) administer child abuse prevention services funded through child abuse grants and the Montana
- 6 children's trust fund provided for in Title 52, chapter 7, part 1; and
- 7 (b) administer elder abuse prevention services;
- 8 (9) develop a statewide youth services and resources plan that takes into consideration local needs;
- 9 (10) administer services to the aged;
- 10 (11) provide consultant services to:
- 11 (a) facilities providing care for adults who are needy, indigent, or dependent or who have disabilities;
- 12 and
- 13 (b) youth care facilities;
- 14 (12) use the staff and services of other state agencies and units of the Montana university system, within
- 15 their respective statutory functions, to carry out its functions under this title;
- 16 (13) contract, as necessary, for administration of child and adult protection services for each county; and
- 17 (14) adopt rules necessary to carry out the purposes of 52-2-612 and this chapter."

18

19 **Section 103.** Section 53-2-103, MCA, is amended to read:

20 "**53-2-103. Records and reports.** (1) Each ~~county department~~ local office of public assistance shall

21 keep ~~such~~ records and make ~~such~~ reports and in ~~such~~ the detail ~~as that~~ the department ~~may from time to time~~

22 ~~require~~ requires and shall transmit to the department upon its request copies of applications and any ~~or all~~ other

23 records pertaining to any case.

24 (2) The department is ~~hereby authorized and directed to~~ shall keep ~~such~~ the records in ~~such~~ the form

25 and containing ~~such~~ the information ~~as that~~ the federal social security board ~~may from time to time~~ require

26 requires and shall comply with ~~such~~ the provisions ~~as that~~ the federal board ~~may from time to time~~ find

27 ~~necessary to assure~~ finds necessary to ensure the correctness and verification of ~~such~~ the reports."

28

29 **Section 104.** Section 53-3-115, MCA, is amended to read:

30 "**53-3-115. Legislative findings.** (1) The legislature finds that in order to use the limited resources of

1 the state for the purposes of providing public assistance to persons whom it has determined are in need, certain
 2 programs must be eliminated and the provision of public assistance programs must be reorganized for more
 3 efficient delivery of services.

4 (2) The legislature finds that county governments are in the best position to efficiently and effectively
 5 deliver services for those in need who are not otherwise eligible for similar services provided by the department
 6 of public health and human services.

7 (3) (a) The legislature finds that the needs of persons who are aged, infirm, or misfortunate are
 8 adequately and appropriately provided for through the following programs:

9 (i) medicaid;

10 (ii) ~~aid for dependent children~~ financial assistance, as defined in 53-2-902;

11 (iii) food stamps;

12 (iv) commodities; and

13 (v) low-income energy assistance.

14 (b) The legislature further finds that the counties may in their discretion provide other programs of public
 15 assistance that they determine are appropriate and that may be funded with money derived from a county mill
 16 levy.

17 (4) The legislature finds that the effects of eliminating the state program of general relief are not known
 18 and that the administration and financing of public assistance programs by each county may not provide uniform
 19 assistance throughout the state."

20

21 **Section 105.** Section 53-4-221, MCA, is amended to read:

22 **"53-4-221. County department charged with local administration.** The ~~county department of public~~
 23 ~~welfare~~ local office of public assistance is ~~charged with~~ responsible for the local administration and supervision
 24 of programs funded under the temporary assistance for needy families block grant, subject to the powers, duties,
 25 and functions prescribed for the ~~county department office~~ office in chapter 2 of this title."

26

27 **Section 106.** Section 53-4-222, MCA, is amended to read:

28 **"53-4-222. County administration subject to rules prescribed by department.** The ~~county~~
 29 ~~department of public welfare~~ local office of public assistance shall administer the provisions of this part in the
 30 respective counties subject to the rules prescribed by the department of public health and human services

1 pursuant to the provisions of this part."

2

3 **Section 107.** Section 53-4-232, MCA, is amended to read:

4 **"53-4-232. Application for assistance.** Application for assistance under this part ~~shall~~ must be made
5 to the ~~county department of~~ local office of public assistance in the county in which the dependent child is
6 residing. ~~Such~~ The application ~~shall~~ must be made by the relative with whom the child is living or will live. One
7 application may be made for several children of the same family if they reside with the same person. All
8 individuals wishing to make application for this assistance ~~shall have~~ must be given the opportunity to do so."

9

10 **Section 108.** Section 53-4-601, MCA, is amended to read:

11 **"53-4-601. Demonstration project -- purpose.** (1) The department is authorized to administer a
12 demonstration project pursuant to section 1115 of the Social Security Act, 42 U.S.C. 1315, to provide assistance
13 under Title IV of that act, 42 U.S.C. 601, et seq., to families who are currently receiving, eligible for, or at risk of
14 becoming eligible for ~~FAIM~~ financial assistance. This demonstration project may be cited as the families
15 achieving independence in Montana (FAIM) project.

16 (2) The purpose of the demonstration project is to promote self-sufficiency and responsibility of
17 participants by providing supports and incentives, such as child-care assistance, training, education, medical
18 assistance, and resource referrals, and to make procedures and requirements less complex and more uniform
19 in the ~~FAIM~~ financial assistance, food stamp, and medicaid programs."

20

21 **Section 109.** Section 53-4-609, MCA, is amended to read:

22 **"53-4-609. Categorical eligibility for other assistance.** Recipients of ~~FAIM~~ financial assistance under
23 ~~a component of~~ the FAIM project are not categorically eligible for food stamp benefits and the low-income energy
24 assistance program but are eligible only if they satisfy all the eligibility requirements for those programs."

25

26 **Section 110.** Section 53-18-101, MCA, is amended to read:

27 **"53-18-101. Definitions.** As used in this part, the following definitions apply:

28 (1) "Department" means the department of public health and human services provided for in 2-15-2201.

29 (2) "Self-sufficiency trust" means a trust created by a nonprofit corporation that is a 501(c)(3)
30 organization under the ~~United States~~ Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 501(c)(3), as amended, and

1 that was organized under the Montana Nonprofit Corporation Act, Title 35, chapter 2, for the purpose of providing
 2 for the care and treatment of one or more persons who are residents of this state and are persons with
 3 developmental disabilities, mental illness, or physical disabilities or are otherwise eligible for department
 4 services, as defined by the department."
 5

6 **Section 111.** Section 53-21-186, MCA, is amended to read:

7 **"53-21-186. Support of patient conditionally released.** When a mental health facility conditionally
 8 releases a patient committed to its care, it is not liable for ~~his~~ the patient's support while conditionally released.
 9 Liability ~~devolves upon~~ transfers to the legal guardian, parent, or person under whose care the patient is placed
 10 when conditionally released or ~~upon~~ to any other person legally liable for ~~his~~ the patient's support. The ~~public~~
 11 ~~welfare officials of the county~~ local office of public assistance in the county where the patient resides or is found
 12 ~~are~~ is responsible for providing relief and care for a conditionally released patient who is unable to ~~maintain~~
 13 ~~himself~~ be self-supporting or who is unable to secure support from the person under whose care ~~he~~ the patient
 14 was placed on convalescent leave, like any other person in need of relief and care, under the public assistance
 15 laws."
 16

17 **Section 112.** Section 53-30-403, MCA, is amended to read:

18 **"53-30-403. Boot camp incarceration program -- eligibility -- rulemaking.** (1) The department shall
 19 establish a boot camp incarceration program for offenders incarcerated in a correctional institution.

20 (2) In order to be eligible for participation in the boot camp incarceration program, an inmate:

21 (a) must be serving a sentence of at least 1 year in a Montana correctional institution for a felony
 22 offense other than a felony punishable by death, except as provided in 46-18-201~~(4)(e)~~(4)(m);

23 (b) shall obtain the concurrence of the sentencing court; and

24 (c) shall pass a physical examination to ensure sufficient health for participation.

25 (3) The boot camp incarceration program must include:

26 (a) as a major component, a strong emphasis on work, physical activity, physical conditioning, and good
 27 health practices;

28 (b) a strong emphasis on intensive counseling and treatment programming designed to correct criminal
 29 and other maladaptive thought processes and behavior patterns and to instill self-discipline and self-motivation;

30 (c) a detailed, clearly written explanation of program goals, objectives, rules, and criteria that must be

1 provided to, read by, and signed by all prospective enrollees; and

2 (d) a maximum enrollment period of 120 days.

3 (4) (a) Inmate participation in the boot camp incarceration program must be voluntary. The admission
4 of an inmate to the program is discretionary with the department. Enrollment may be revoked only:

5 (i) at the participant's request; or

6 (ii) upon written departmental documentation of a participant's failure or refusal to comply with program
7 requirements.

8 (b) A revocation of program enrollment is not subject to appeal. An inmate may not be admitted to the
9 boot camp incarceration program more than twice.

10 (5) The department may adopt rules for the establishment and administration of the boot camp
11 incarceration program."

12

13 **Section 113.** Section 61-3-103, MCA, is amended to read:

14 **"61-3-103. (Temporary) Filing of security interests -- perfection -- rights -- procedure -- fees. (1)**

15 Except as provided in 61-3-109, the department may not file any voluntary security interest or lien unless it is
16 accompanied by or specified in the application for a certificate of ownership of the vehicle encumbered. If the
17 approved notice form is transmitted to the department, the security agreement or other lien instrument that
18 creates the security interest must be retained by the secured party. A copy of the security agreement is sufficient
19 as a lien notice if it contains the name and address of the debtor and the secured party, the complete vehicle
20 description, and the amount of the lien and is signed by the debtor. The department shall file voluntary security
21 interests and liens by entering the name and address of the secured party upon the face of the certificate of
22 ownership. Involuntary liens must be filed against the record of the vehicle encumbered. The department shall
23 mail a statement certifying to the filing of a security interest or lien to the secured party. The department shall
24 mail the certificate of ownership to the owner at the address given on the certificate; however, if the transfer of
25 ownership and filing of the security interest are paid for by a creditor or secured party, the department shall
26 return the certificate of ownership to the county treasurer in the county in which the vehicle is to be registered.
27 The owner of a motor vehicle is the person entitled to operate and possess the motor vehicle.

28 (2) A security interest in a motor vehicle held as inventory by a dealer licensed under chapter 4 of this
29 title must be perfected in accordance with Title 30, chapter 9A.

30 (3) Whenever a security interest or lien is filed against a motor vehicle that is subject to two security

1 interests previously perfected under this section, the department shall endorse on the face of the certificate of
2 ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with the Department
3 of Justice." Other information regarding the additional security interests need not be endorsed on the certificate.

4 (4) Satisfaction or statements of release filed with the department under this chapter must be retained
5 by it for a period of 8 years after receipt, after which they may be destroyed.

6 (5) Except as provided in 61-3-109 and subsection (6) of this section, a voluntary security interest or
7 lien is perfected on the date that the lien notice and the certificate of ownership or manufacturer's statement of
8 origin are delivered to the county treasurer. On that date, the county treasurer shall issue to the secured party
9 a receipt evidencing the perfection. Perfection under this section constitutes constructive notice to subsequent
10 purchasers or encumbrancers, from the date of delivery of the lien notice to the county treasurer, of the existence
11 of the security interest.

12 (6) Except as provided in 61-3-109, voluntary security interests or lien filings that do not require transfer
13 of ownership are perfected on the date that the lien notice and the certificate of ownership or manufacturer's
14 statement of origin are received by the department. On that date, the department shall issue to the secured party
15 a receipt evidencing the perfection. Perfection under this subsection constitutes constructive notice to
16 subsequent purchasers or encumbrancers, from the date that the lien notice is delivered to the department, of
17 the existence of the security interest.

18 (7) Upon default under a chattel mortgage or conditional sales contract covering a motor vehicle, the
19 mortgagee or vendor has the same remedies as in the case of other personal property. In case of attachment
20 of motor vehicles, all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable except that deposits
21 must be made with the department.

22 (8) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of a
23 chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment is
24 required to pay the department the sum of \$1 for each day that the person fails to file the satisfaction.

25 (9) Upon receipt of notice of any involuntary liens or attachments against the record of any motor vehicle
26 registered in this state, the department shall within 24 hours mail to the owner, conditional sale vendor,
27 mortgagees, or assignees of the owner, conditional sale vendor, or mortgagees a notice showing the name and
28 address of the lien claimant, the amount of the lien, the date of execution of the lien, and, in the case of
29 attachment, the full title of the court and the action and the names of the attorneys for the plaintiff and attaching
30 creditor.

1 (10) It is not necessary to refile with the department any instruments on file in the offices of the county
2 clerk and recorders at the time that this law takes effect.

3 (11) A fee of \$8 must be paid to the department to file any security interest or other lien against a motor
4 vehicle. The \$8 fee includes the cost of filing a satisfaction or release of the security interest and also the cost
5 of entering the satisfaction or release on the records of the department and of deleting the endorsement of the
6 security interest from the face of the certificate of ownership. A fee of \$4 must be paid to the department for
7 issuing a certified copy of a certificate of ownership subject to a security interest or other lien on file in the office
8 of the department or for filing an assignment of any security interest or other lien on file with the department. All
9 fees provided for in this section must be paid to the county treasurer. Of the \$8 fee, \$4 must be deposited in the
10 state general fund in accordance with 15-1-504. The remaining \$4 must be forwarded to the ~~state treasurer~~
11 department of revenue for deposit in the motor vehicle information technology system account provided for in
12 61-3-550. (Terminates June 30, 2008--sec. 2, Ch. 260, L. 1999.)

13 **61-3-103. (Effective July 1, 2008) Filing of security interests -- perfection -- rights -- procedure --**
14 **fees.** (1) The department may not file any voluntary security interest or lien unless it is accompanied by or
15 specified in the application for a certificate of ownership of the vehicle encumbered. If the approved notice form
16 is transmitted to the department, the security agreement or other lien instrument that creates the security interest
17 must be retained by the secured party. A copy of the security agreement is sufficient as a lien notice if it contains
18 the name and address of the debtor and the secured party, the complete vehicle description, amount of lien, and
19 is signed by the debtor. The department shall file voluntary security interests and liens by entering the name and
20 address of the secured party upon the face of the certificate of ownership. Involuntary liens must be filed against
21 the record of the vehicle encumbered. The department shall mail a statement certifying to the filing of a security
22 interest or lien to the secured party. The department shall mail the certificate of ownership to the owner at the
23 address given on the certificate; however, if the transfer of ownership and filing of the security interest are paid
24 for by a creditor or secured party, the department shall return the certificate of ownership to the county treasurer
25 where the vehicle is to be registered. The owner of a motor vehicle is the person entitled to operate and possess
26 the motor vehicle.

27 (2) A security interest in a motor vehicle held as inventory by a dealer licensed under chapter 4 of this
28 title must be perfected in accordance with Title 30, chapter 9A.

29 (3) Whenever a security interest or lien is filed against a motor vehicle that is subject to two security
30 interests previously perfected under this section, the department shall endorse on the face of the certificate of

1 ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with the Department
2 of Justice." Other information regarding the additional security interests need not be endorsed on the certificate.

3 (4) Satisfactions or statements of release filed with the department under this chapter must be retained
4 by it for a period of 8 years after receipt, after which they may be destroyed.

5 (5) Except as provided in subsection (6), a voluntary security interest or lien is perfected on the date
6 the lien notice and the certificate of ownership or manufacturer's statement of origin are delivered to the county
7 treasurer. On that date, the county treasurer shall issue to the secured party a receipt evidencing the perfection.
8 Perfection under this section constitutes constructive notice to subsequent purchasers or encumbrancers, from
9 the date of delivery of the lien notice to the county treasurer, of the existence of the security interest.

10 (6) Voluntary security interests or lien filings that do not require transfer of ownership are perfected on
11 the date the lien notice and the certificate of ownership or manufacturer's statement of origin are received by
12 the department. On that date, the department shall issue to the secured party a receipt evidencing the perfection.
13 Perfection under this subsection constitutes constructive notice to subsequent purchasers or encumbrancers,
14 from the date the lien notice is delivered to the department, of the existence of the security interest.

15 (7) Upon default under a chattel mortgage or conditional sales contract covering a motor vehicle, the
16 mortgagee or vendor has the same remedies as in the case of other personal property. In case of attachment
17 of motor vehicles all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable except that deposits
18 must be made with the department.

19 (8) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of a
20 chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment is
21 required to pay the department the sum of \$1 for each day that the person fails to file ~~such~~ the satisfaction.

22 (9) Upon receipt of notice of any involuntary liens or attachments against the record of any motor vehicle
23 registered in this state, the department shall within 24 hours mail to the owner, conditional sale vendor,
24 mortgagees, or assignees of any owner, conditional sale vendor, or mortgagees a notice showing the name and
25 address of the lien claimant, amount of the lien, date of execution of lien, and in the case of attachment the full
26 title of the court and the action and the name of the attorneys for the plaintiff and attaching creditor.

27 (10) It is not necessary to refile with the department any instruments on file in the offices of the county
28 clerk and recorders at the time this law takes effect.

29 (11) A fee of \$8 must be paid to the department to file any security interest or other lien against a motor
30 vehicle. The \$8 fee must include and cover the cost of filing a satisfaction or release of the security interest and

1 also the cost of entering the satisfaction or release on the records of the department and deleting the
2 endorsement of the security interest from the face of the certificate of ownership. A fee of \$4 must be paid to the
3 department for issuing a certified copy of a certificate of ownership subject to a security interest or other lien on
4 file in the office of the department or for filing an assignment of any security interest or other lien on file with the
5 department. All fees provided for in this section must be paid to the county treasurer. Of the \$8 fee, \$4 must be
6 deposited in the state general fund in accordance with 15-1-504. The remaining \$4 must be forwarded to the
7 ~~state treasurer~~ department of revenue for deposit in the motor vehicle information technology system account
8 provided for in 61-3-550. (Terminates June 30, 2011--sec. 9, Ch. 394, L. 2001.)

9 **61-3-103. (Effective July 1, 2011) Filing of security interests -- perfection -- rights -- procedure --**
10 **fees.** (1) The department may not file any voluntary security interest or lien unless it is accompanied by or
11 specified in the application for a certificate of ownership of the vehicle encumbered. If the approved notice form
12 is transmitted to the department, the security agreement or other lien instrument that creates the security interest
13 must be retained by the secured party. A copy of the security agreement is sufficient as a lien notice if it contains
14 the name and address of the debtor and the secured party, the complete vehicle description, amount of lien, and
15 is signed by the debtor. The department shall file voluntary security interests and liens by entering the name and
16 address of the secured party upon the face of the certificate of ownership. Involuntary liens must be filed against
17 the record of the vehicle encumbered. The department shall mail a statement certifying to the filing of a security
18 interest or lien to the secured party. The department shall mail the certificate of ownership to the owner at the
19 address given on the certificate; however, if the transfer of ownership and filing of the security interest are paid
20 for by a creditor or secured party, the department shall return the certificate of ownership to the county treasurer
21 where the vehicle is to be registered. The owner of a motor vehicle is the person entitled to operate and possess
22 the motor vehicle.

23 (2) A security interest in a motor vehicle held as inventory by a dealer licensed under chapter 4 of this
24 title must be perfected in accordance with Title 30, chapter 9A.

25 (3) Whenever a security interest or lien is filed against a motor vehicle that is subject to two security
26 interests previously perfected under this section, the department shall endorse on the face of the certificate of
27 ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with the Department
28 of Justice." Other information regarding the additional security interests need not be endorsed on the certificate.

29 (4) Satisfactions or statements of release filed with the department under this chapter must be retained
30 by it for a period of 8 years after receipt, after which they may be destroyed.

1 (5) Except as provided in subsection (6), a voluntary security interest or lien is perfected on the date
2 the lien notice and the certificate of ownership or manufacturer's statement of origin are delivered to the county
3 treasurer. On that date, the county treasurer shall issue to the secured party a receipt evidencing the perfection.
4 Perfection under this section constitutes constructive notice to subsequent purchasers or encumbrancers, from
5 the date of delivery of the lien notice to the county treasurer, of the existence of the security interest.

6 (6) Voluntary security interests or lien filings that do not require transfer of ownership are perfected on
7 the date the lien notice and the certificate of ownership or manufacturer's statement of origin are received by
8 the department. On that date, the department shall issue to the secured party a receipt evidencing the perfection.
9 Perfection under this subsection constitutes constructive notice to subsequent purchasers or encumbrancers,
10 from the date the lien notice is delivered to the department, of the existence of the security interest.

11 (7) Upon default under a chattel mortgage or conditional sales contract covering a motor vehicle, the
12 mortgagee or vendor has the same remedies as in the case of other personal property. In case of attachment
13 of motor vehicles all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable except that deposits
14 must be made with the department.

15 (8) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of a
16 chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment is
17 required to pay the department the sum of \$1 for each day that the person fails to file ~~such~~ the satisfaction.

18 (9) Upon receipt of notice of any involuntary liens or attachments against the record of any motor vehicle
19 registered in this state, the department shall within 24 hours mail to the owner, conditional sale vendor,
20 mortgagees, or assignees of any owner, conditional sale vendor, or mortgagees a notice showing the name and
21 address of the lien claimant, amount of the lien, date of execution of lien, and in the case of attachment the full
22 title of the court and the action and the name of the attorneys for the plaintiff and attaching creditor.

23 (10) It is not necessary to refile with the department any instruments on file in the offices of the county
24 clerk and recorders at the time this law takes effect.

25 (11) A fee of \$4 must be paid to the department to file any security interest or other lien against a motor
26 vehicle. The \$4 fee must include and cover the cost of filing a satisfaction or release of the security interest and
27 also the cost of entering the satisfaction or release on the records of the department and deleting the
28 endorsement of the security interest from the face of the certificate of ownership. A fee of \$4 must be paid to the
29 department for issuing a certified copy of a certificate of ownership subject to a security interest or other lien on
30 file in the office of the department or for filing an assignment of any security interest or other lien on file with the

1 department. All fees provided for in this section must be paid to the county treasurer for deposit in the state
2 general fund in accordance with 15-1-504."

3

4 **Section 114.** Section 61-3-570, MCA, is amended to read:

5 **"61-3-570. Local option flat fee.** (1) A local option flat fee for each vehicle may be imposed within a
6 county by the board of county commissioners by adoption of a resolution and referral to the electorate. The
7 imposition of the local option flat fee must be approved by the majority of the electorate voting in the election.

8 (2) The local option flat fee is distributed as provided in 61-3-537."

9

10 **Section 115.** Section 61-3-736, MCA, is amended to read:

11 **"61-3-736. Assessment of proportionally registered interstate motor vehicle fleets -- payment of**

12 **fees required for registration.** (1) (a) The department of transportation shall determine the fee for the purpose
13 of imposing the fee in lieu of tax as provided in 61-3-528 and 61-3-529 on buses, trucks having a manufacturer's
14 rated capacity of more than 1 ton, and truck tractors and the light vehicle registration fee under 61-3-560 and
15 61-3-561 on light vehicles in interstate motor vehicle fleets that are proportionally registered under the provisions
16 of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles
17 traveled as prescribed by 61-3-721. The fee in lieu of tax or registration fee on interstate motor vehicle fleets is
18 imposed upon application for proportional registration and must be paid by the persons who own or claim the
19 fleet or in whose possession or control the fleet is at the time of the application.

20 (b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the
21 fee in lieu of tax or registration fee under this part or any other provision of the laws of Montana, the fee in lieu
22 of tax or registration fee on fleet vehicles must be prorated according to the ratio that the remaining number of
23 months in the year bears to the total number of months in the year.

24 (c) Vehicles subject to the light vehicle registration fee as part of a fleet under this subsection (1) are
25 not subject to the local option vehicle tax or flat fee imposed under 61-3-537 or 61-3-570.

26 (2) With respect to a renewal application for a fleet, the fee in lieu of tax and the light vehicle registration
27 fee are imposed for a full year. The department of transportation shall prorate the new fee in lieu of tax in
28 61-3-529 for motor vehicles that are proportionally registered, as provided in 61-3-721, and whose annual
29 registration period does not coincide with the calendar year.

30 (3) Vehicles contained in a fleet for which current fees have been assessed and paid may not be

1 assessed or charged fees under this section upon presentation to the department of proof of payment of fees
2 for the current registration year. The payment of fleet vehicle fees in lieu of tax, light vehicle registration fees,
3 and license fees is a condition precedent to proportional registration or reregistration of an interstate motor
4 vehicle fleet.

5 (4) All fees collected on motor vehicle fleets under this chapter must be deposited and distributed as
6 provided in 61-3-738."

7

8 **Section 116.** Section 61-8-906, MCA, is amended to read:

9 **"61-8-906. Liability insurance -- storage requirements.** (1) Notwithstanding the provisions of
10 61-6-301, a commercial tow truck operator shall continuously provide:

11 (a) insurance against loss resulting from liability imposed by law for bodily injury or death or damage
12 to property caused by the maintenance or use of a commercial tow truck, as defined in 61-9-416, or occurring
13 on the business premises of a commercial tow truck operator in an amount not less than:

14 (i) \$300,000 for class A tow trucks;

15 (ii) \$500,000 for class B tow trucks; and

16 (iii) \$750,000 for class C tow trucks;

17 (b) insurance to cover the damage to cargo or other property entrusted to the care of the commercial
18 tow truck operator; and

19 (c) garage keepers legal liability insurance.

20 (2) A qualified tow truck operator shall provide a storage facility, either a fenced lot or a building, that
21 is:

22 (a) adequate for the secure storage and safekeeping of stored vehicles;

23 (b) located in a place that is reasonably convenient for public access;

24 (c) available to public access between 8 a.m. and 5 p.m., Monday through Friday, excluding legal
25 holidays; and

26 (d) large enough to store all the vehicles towed for law enforcement agencies."

27

28 **Section 117.** Section 69-8-104, MCA, is amended to read:

29 **"69-8-104. Pilot programs.** (1) Except as provided in 69-8-201~~(3)~~(4) and 69-8-311, utilities shall
30 conduct pilot programs using a representative sample of their residential and small commercial customers. A

1 report describing and analyzing the results of the pilot programs must be submitted to the commission and the
2 transition advisory committee established in 69-8-501 on or before July 1, 2005.

3 (2) Utilities shall use pilot programs to gather necessary information to determine the most effective and
4 timely options for providing customer choice. Necessary information includes but is not limited to:

5 (a) the level of demand for electricity supply choice and the availability of market prices for small
6 customers;

7 (b) the best means to encourage and support the development of sufficient markets and bargaining
8 power for the benefit of small customers;

9 (c) the electricity suppliers' interest in serving small customers and the opportunities in providing service
10 to small customers; and

11 (d) experience in the broad range of technical and administrative support matters involved in designing
12 and delivering unbundled retail services to small customers."

13

14 **Section 118.** Section 69-8-501, MCA, is amended to read:

15 **"69-8-501. Transition advisory committee.** (1) A transition advisory committee on electric utility
16 industry restructuring is created. The transition advisory committee is composed of twelve voting members who
17 are appointed as follows:

18 (a) The speaker of the house shall appoint six members from the house of representatives, not more
19 than three of whom may be from one political party.

20 (b) The president of the senate shall appoint six members from the senate, not more than three of whom
21 may be from one political party.

22 (2) The following entities shall appoint nonvoting advisory representatives to the transition advisory
23 committee:

24 (a) The director of the department of environmental quality shall appoint one department representative.

25 (b) The legislative consumer committee shall appoint one representative.

26 (c) One representative of the cooperative utility industry is appointed as designated by the Montana
27 ~~electrical cooperative~~ electric cooperatives' association.

28 (d) The public utilities in the state of Montana shall appoint one member.

29 (e) The commission shall appoint one member.

30 (f) The governor shall appoint the following nonvoting committee members:

- 1 (i) one representative from the industrial community with an interest in the restructuring of the electric
2 utility industry;
- 3 (ii) one representative from the nonindustrial retail electric consumer sector;
- 4 (iii) one representative from organized labor;
- 5 (iv) one representative from the community comprising environmental and conservation interests;
- 6 (v) one representative from a low-income program provider;
- 7 (vi) one representative of Montana's Indian tribes; and
- 8 (vii) one representative of the electric power market industry.
- 9 (3) In case of a vacancy, a replacement must be selected in the manner of the original appointment.
- 10 (4) Legislative members are entitled to salary and expenses as provided in 5-2-302.
- 11 (5) The public service commission, legislative services division, and appropriate state agencies shall
12 provide staff assistance as requested by the committee.
- 13 (6) Transition advisory committee members must be appointed to terms for up to 2 years, expiring on
14 January 1 of odd-numbered years.
- 15 (7) The voting members shall select a transition advisory committee presiding officer.
- 16 (8) The transition advisory committee on electric utility industry restructuring must dissolve on December
17 31, 2007.
- 18 (9) The transition advisory committee shall provide an annual report on the status of electric utility
19 restructuring on or before November 1 to the governor, the speaker of the house, the president of the senate,
20 and the commission.
- 21 (10) The transition advisory committee shall meet at least quarterly or as often as is necessary to
22 conduct its business.
- 23 (11) The transition advisory committee shall analyze and report on the transition to effective competition
24 in the competitive electricity supply market.
- 25 (12) The criteria that the transition advisory committee must use to evaluate effective competition in the
26 electricity supply market include but are not limited to the following:
- 27 (a) the level of demand for power supply choice and the availability of market prices for smaller
28 customers;
- 29 (b) the existence of sufficient markets and bargaining power to the benefit of smaller customers and
30 the best means to encourage and support the development of sufficient markets;

1 (c) the level of interest among electricity suppliers and the opportunity for electricity suppliers to serve
2 smaller customers; and

3 (d) the existence of the requisite technical and administrative support that enables smaller customers
4 to have choice of electricity supply.

5 (13) The transition advisory committee shall recommend legislation if necessary to promote electric utility
6 restructuring and retail choice of electricity suppliers.

7 (14) The transition advisory committee shall monitor and evaluate the universal system benefits
8 programs and comparable levels of funding for the region and make recommendations to the 58th legislature
9 to adjust the funding level provided for in 69-8-402 to coincide with the related activities of the region at that time.

10 (15) On or before July 1, 2002, the transition advisory committee, in coordination with the commission,
11 shall conduct a reevaluation of the ongoing need for universal system benefits programs and annual funding
12 requirements and shall make recommendations to the 58th legislature regarding the future need for those
13 programs. The determination must focus specifically on the existence of markets to provide for any or all of the
14 universal system benefits programs or whether other means for funding those programs have developed. These
15 recommendations may also address how future reevaluations will be provided for, if necessary.

16 (16) On or before November 1 of each odd-numbered year, the transition advisory committee shall
17 collect information to determine whether Montana utilities or their affiliates have an opportunity to sell electricity
18 to customers outside of the state of Montana comparable to the opportunity provided pursuant to this chapter
19 to utilities or their affiliates located outside the state of Montana. That information must be included in a report
20 to each legislature."

21

22 **Section 119.** Section 70-24-436, MCA, is amended to read:

23 **"70-24-436. Mobile home parks -- grounds for termination of rental agreement.** (1) With respect
24 to a tenant who rents space in a mobile home park but does not rent the mobile home, if there is a
25 noncompliance by the tenant with the rental agreement or with a provision of 70-24-321, the landlord may deliver
26 a written notice to the tenant pursuant to 70-24-108 specifying the acts or omissions constituting the
27 noncompliance and stating that the rental agreement will terminate upon a date specified in the notice that may
28 not be less than the minimum number of days after receipt of the notice provided for in this section. The rental
29 agreement terminates as provided in the notice for one or more of the following reasons and subject to the
30 following conditions:

- 1 (a) nonpayment of rent, late charges, or common area maintenance fees as established in the rental
2 agreement, for which the notice period is 7 ~~calendar~~ days;
- 3 (b) a violation of a mobile home park rule other than provided for in subsection (1)(a) that does not
4 create an immediate threat to the health and safety of any resident of the mobile home park or its manager or
5 owner, for which the notice period is 14 days;
- 6 (c) a violation of a mobile home park rule that creates an immediate threat to the health and safety of
7 any resident of the mobile home park, its manager, or its owner, for which the notice period is 24 hours;
- 8 ~~(d) subject to the right to terminate in subsections (1)(e) through (1)(l), if the noncompliance described~~
9 ~~in subsections (1)(a) through (1)(c) is remediable by repairs, the payment of damages, or otherwise and the~~
10 ~~tenant adequately remedies the noncompliance before the date specified in the notice, the rental agreement~~
11 ~~does not terminate as a result of that noncompliance;~~
- 12 ~~(e)~~(d) late payment of rent, late charges, or common area maintenance fees, as established in the rental
13 agreement, three or more times within a 12-month period if written notice is given by the landlord after each
14 failure to pay, as required by subsection (1)(a), for which the notice period ~~for termination~~ for the final late
15 payment is 30 days;
- 16 ~~(f)~~(e) a violation of a mobile home park rule that creates an immediate threat to the health and safety
17 of any resident of the mobile home park, its manager, or its owner, whether or not notice was given pursuant
18 to subsection (1)(c) and the violation was remedied as provided in subsection ~~(1)(d)~~ (3), for which the notice
19 period ~~for termination~~ is 14 days;
- 20 ~~(g)~~(f) two or more violations within a 12-month period of the same rule for which notice has been given
21 for each prior violation, as provided in subsection (1)(a), (1)(b), or (1)(c), for which the notice period ~~for~~
22 ~~termination~~ for the final violation is 30 days;
- 23 ~~(h)~~(g) two or more violations of 70-24-321(1) within a 12-month period, for which the notice period ~~for~~
24 ~~termination~~ for the final violation is 14 days;
- 25 ~~(i)~~(h) any violation of 70-24-321(2), for which the notice period is as provided in 70-24-422(3);
- 26 ~~(j)~~(i) disorderly conduct that results in disruption of the rights of others to the peaceful enjoyment and
27 use of the premises, for which the notice period is 30 days;
- 28 ~~(k)~~(j) any other noncompliance or violation not covered by subsection (1)(a) through ~~(1)(j)~~ (1)(i)
29 that endangers other residents or mobile home park personnel or causes substantial damage to the mobile
30 home park premises, for which the notice period is 14 days;

1 ~~(h)~~(k) conviction of the mobile home owner or a tenant of the mobile home owner of a violation of a
 2 federal or state law or local ordinance, when the violation is detrimental to the health, safety, or welfare of other
 3 residents or the landlord of the mobile home park, or the landlord's documentation of a violation of the provisions
 4 of Title 45, chapter 9, for which the notice period is 14 days;

5 ~~(m)~~(l) changes in the use of the land if the requirements of subsection (2) are met, for which the notice
 6 period is 180 days;

7 ~~(n)~~(m) any legitimate business reason not ~~(n)~~(m) covered elsewhere in this subsection (1), provided that the
 8 landlord meets the following requirements:

9 (i) the termination does not violate a provision of this section or any other state statute; and

10 (ii) the landlord has given the mobile home owner or tenant of the mobile home owner a minimum of 90
 11 days' written notice of the termination.

12 (2) If a landlord plans to change the use of all or part of the land ~~composing~~ comprising the mobile home
 13 park from mobile home lot rentals to some other use, each affected mobile home owner must receive notice from
 14 the landlord as follows:

15 (a) The landlord shall give the mobile home owner and a tenant of the mobile home owner at least 15
 16 days' written notice that the landlord will be appearing before a unit of local government to request permits for
 17 a change of use of the mobile home park.

18 (b) After all required permits requesting a change of use have been approved by the unit of local
 19 government, the landlord shall give the mobile home owner and a tenant of the mobile home owner 6 months'
 20 written notice of termination of tenancy. If the change of use does not require local government permits, the
 21 landlord shall give the written notice at least 6 months prior to the change of use. In the notice, the landlord shall
 22 disclose and describe in detail the nature of the change of use.

23 (c) Prior to entering a rental agreement during the 6-month notice period referred to in subsection (2)(b),
 24 the landlord shall give each prospective mobile home owner, and any tenant of the mobile home owner whose
 25 identity and address have been provided to the landlord, written notice that the landlord is requesting a change
 26 in use before a unit of local government or that a change in use has been approved.

27 (3) Subject to the right to terminate in subsections (1)(d) through (1)(k), if the noncompliance described
 28 in subsections (1)(a) through (1)(c) is remediable by repairs, the payment of damages, or otherwise and the
 29 tenant adequately remedies the noncompliance before the date specified in the notice, the rental agreement
 30 does not terminate as a result of that noncompliance.

1 ~~(3)~~(4) For purposes of calculating the total number of notices given within a 12-month period under
2 subsection ~~(1)(e)~~ (1)(d), only one notice for each violation per month may be included in the calculation."

3

4 **Section 120.** Section 72-16-607, MCA, is amended to read:

5 **"72-16-607. Allowance for exemptions, deductions, and credits.** (1) In making an apportionment,
6 allowances ~~shall~~ must be made for any exemptions granted, for any classification made of persons interested
7 in the estate, and for any deductions and credits allowed by the law imposing the tax.

8 (2) Any exemption or deduction allowed by reason of the relationship of any person to the decedent or
9 by reason of the purposes of the gift inures to the benefit of the person bearing ~~such~~ the relationship or receiving
10 the gift, but if an interest is subject to a prior present interest ~~which~~ that is not allowable as a deduction, the tax
11 apportionable against the present interest ~~shall~~ must be paid from principal.

12 (3) Any deduction for property previously taxed and any credit for gift taxes or death taxes of a foreign
13 country paid by the decedent or ~~his~~ the decedent's estate inures to the proportionate benefit of all persons liable
14 to apportionment.

15 (4) Any credit for inheritance, succession, or estate taxes or taxes ~~in the of that~~ of that nature ~~thereof~~
16 to property or interests includable in the estate inures to the benefit of the persons or interests chargeable with
17 the payment ~~thereof~~ to the extent proportionately that the credit reduces the tax.

18 (5) To the extent that property passing to or in trust for a surviving spouse or any charitable, public, or
19 similar gift or devise is not an allowable deduction for purposes of the tax solely by reason of an inheritance tax
20 or other death tax imposed upon and deductible from the property, the property is not included in the
21 computation provided for in 72-16-603 and to that extent no apportionment is made against the property. The
22 sentence immediately preceding does not apply to any case if the result would be to deprive the estate of a
23 deduction otherwise allowable under section 2053(d) of the Internal Revenue Code, ~~of 1954~~ 26 U.S.C. 2053(d),
24 as amended, ~~of the United States~~, relating to deduction for state death taxes on transfers for public, charitable,
25 or religious uses."

26

27 **Section 121.** Section 75-11-302, MCA, is amended to read:

28 **"75-11-302. Definitions.** Except as provided in subsections (2), (15), and (25), the following definitions
29 apply to this part:

30 (1) "Accidental release" means a sudden or nonsudden release, neither expected nor intended by the

1 tank owner or operator, of petroleum or petroleum products from a storage tank that results in a need for
2 corrective action or compensation for third-party bodily injury or property damage.

3 (2) "Aviation gasoline" means aviation ~~gasoline~~ fuel as defined in 15-70-201. For the purposes of this
4 chapter, aviation gasoline does not include JP-4 jet fuel sold to a federal defense fuel supply center.

5 (3) "Board" means the petroleum tank release compensation board established in 2-15-2108.

6 (4) "Bodily injury" means physical injury, sickness, or disease sustained by an individual, including death
7 that results from the physical injury, sickness, or disease at any time.

8 (5) "Claim" means a written request prepared and submitted by an owner or operator or an agent of the
9 owner or operator for reimbursement of expenses caused by an accidental release from a petroleum storage
10 tank.

11 (6) "Corrective action" means investigation, monitoring, cleanup, restoration, abatement, removal, and
12 other actions necessary to respond to a release.

13 (7) "Department" means the department of environmental quality provided for in 2-15-3501.

14 (8) "Distributor" means a person who is licensed to sell gasoline, as provided in 15-70-202, and who:

15 (a) in the state of Montana, engages in the business of producing, refining, manufacturing, or
16 compounding gasoline, aviation gasoline, special fuel, or heating oil for sale, use, or distribution;

17 (b) imports gasoline, aviation gasoline, special fuel, or heating oil for sale, use, or distribution in this
18 state;

19 (c) engages in wholesale distribution of gasoline, aviation gasoline, special fuel, or heating oil in this
20 state;

21 (d) is an exporter;

22 (e) is a dealer licensed as of January 1, 1969, except a dealer at an established airport; or

23 (f) either blends gasoline with alcohol or blends heating oil with waste oil.

24 (9) "Double-walled tank system" means a petroleum storage tank and associated product piping that
25 is designed and constructed with rigid inner and outer walls separated by an interstitial space and that is capable
26 of being monitored for leakage. The design and construction of these tank systems must meet standards of the
27 department and the department of justice fire prevention and investigation bureau. The material used in
28 construction must be compatible with the liquid to be stored in the system, and the system must be designed
29 to prevent the release of any stored liquid.

30 (10) "Eligible costs" means expenses reimbursable under 75-11-307.

1 (11) "Export" means to transport out of the state of Montana, by means other than in the fuel supply tank
2 of a motor vehicle, gasoline, aviation gasoline, special fuel, or heating oil received from a refinery or pipeline
3 terminal within the state of Montana.

4 (12) "Exporter" means a person who transports, by means other than in the fuel supply tank of a motor
5 vehicle, gasoline, aviation gasoline, special fuel, or heating oil received from a refinery or pipeline terminal within
6 the state of Montana to a destination outside the state of Montana for sale, use, or consumption beyond the
7 boundaries of the state of Montana.

8 (13) "Fee" means the petroleum storage tank cleanup fee provided for in 75-11-314.

9 (14) "Fund" means the petroleum tank release cleanup fund established in 75-11-313.

10 (15) "Gasoline" means gasoline as defined in 15-70-201. For the purposes of this chapter, gasoline does
11 not include JP-4 jet fuel sold to a federal defense fuel supply center.

12 (16) "Heating oil" means petroleum that is No. 1, No. 2, No. 4-light, No. 4-heavy, No. 5-light, No.
13 5-heavy, and No. 6 technical grades of fuel oil; other residual fuel oils, including navy special fuel oil and bunker
14 C; and other fuels when used as substitutes for one of these fuel oils. Heating oil is typically used in the
15 operation of heating equipment, boilers, or furnaces.

16 (17) "Import" means to receive into a person's possession or custody first after its arrival and coming
17 to rest at a destination within the state any gasoline, aviation gasoline, special fuel, or heating oil shipped or
18 transported into this state from a point of origin outside this state, other than in the fuel supply tank of a motor
19 vehicle.

20 (18) "Operator" means a person in control of or having responsibility for the daily operation of a
21 petroleum storage tank.

22 (19) (a) "Owner" means:

23 (i) a person that holds title to, controls, or possesses an interest in a petroleum storage tank; or

24 (ii) a person that owns the property on which a petroleum storage tank from which a release occurred
25 was located.

26 (b) The term does not include a person that holds an interest in a storage tank solely for financial
27 security, unless through foreclosure or other related actions the holder of a security interest has taken
28 possession of the tank.

29 (20) "Person" means an individual, firm, trust, estate, partnership, company, association, joint-stock
30 company, syndicate, consortium, commercial entity, corporation, or agency of state or local government.

1 (21) "Petroleum" or "petroleum products" means crude oil or any fraction of crude oil that is liquid at
2 standard conditions of temperature and pressure (60 degrees F and 14.7 pounds per square inch absolute) or
3 motor fuel blend, such as gasohol, and that is not augmented or compounded by more than a de minimis amount
4 of another substance.

5 (22) "Petroleum storage tank" means a tank that contains or contained petroleum or petroleum products
6 and that is:

7 (a) an underground storage tank as defined in 75-11-503;

8 (b) a storage tank that is situated in an underground area, such as a basement, cellar, mine, drift, shaft,
9 or tunnel;

10 (c) an aboveground storage tank with a capacity less than 30,000 gallons; or

11 (d) aboveground or underground pipes associated with tanks under subsections (22)(b) and (22)(c),
12 except that pipelines regulated under the following laws are excluded:

13 (i) the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1671, et seq.);

14 (ii) the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2001, et seq.); and

15 (iii) state law comparable to the provisions of law referred to in subsections (22)(d)(i) and (22)(d)(ii), if
16 the facility is intrastate.

17 (23) "Property damage" means:

18 (a) physical injury to tangible property, including loss of use of that property caused by the injury; or

19 (b) loss of use of tangible property that is not physically injured.

20 (24) "Release" means any spilling, leaking, emitting, discharging, escaping, leaching, or disposing of
21 petroleum or petroleum products from a petroleum storage tank into ground water, surface water, surface soils,
22 or subsurface soils.

23 (25) "Special fuel" means those combustible liquids commonly referred to as diesel fuel or another
24 volatile liquid of less than 46 degrees A.P.I. (American petroleum institute) gravity test, except liquid petroleum
25 gas. For the purposes of this chapter, special fuel does not include diesel fuel sold to a railroad or a federal
26 defense fuel supply center."

27

28 **Section 122.** Section 75-20-301, MCA, is amended to read:

29 **"75-20-301. Decision of department -- findings necessary for certification.** (1) Within 30 days after
30 issuance of the report pursuant to 75-20-216 for facilities defined in 75-20-104(8)(a) and (8)(b), the department

1 shall approve a facility as proposed or as modified or an alternative to a proposed facility if the department finds
2 and determines:

3 (a) the basis of the need for the facility;

4 (b) the nature of the probable environmental impact;

5 (c) that the facility minimizes adverse environmental impact, considering the state of available
6 technology and the nature and economics of the various alternatives;

7 (d) in the case of an electric, gas, or liquid transmission line or aqueduct:

8 (i) what part, if any, of the line or aqueduct will be located underground;

9 (ii) that the facility is consistent with regional plans for expansion of the appropriate grid of the utility
10 systems serving the state and interconnected utility systems; and

11 (iii) that the facility will serve the interests of utility system economy and reliability;

12 (e) that the location of the facility as proposed conforms to applicable state and local laws and
13 regulations, except that the department may refuse to apply any local law or regulation if it finds that, as applied
14 to the proposed facility, the law or regulation is unreasonably restrictive in view of the existing technology, of
15 factors of cost or economics, or of the needs of consumers, whether located inside or outside the directly
16 affected government subdivisions;

17 (f) that the facility will serve the public interest, convenience, and necessity;

18 (g) that the department or board has issued any necessary air or water quality decision, opinion, order,
19 certification, or permit as required by 75-20-216(3); and

20 (h) that the use of public lands for location of the facility was evaluated and public lands were selected
21 whenever their use is as economically practicable as the use of private lands.

22 (2) In determining that the facility will serve the public interest, convenience, and necessity under
23 subsection (1)(f), the department shall consider:

24 (a) the items listed in subsections (1)(a) and (1)(b);

25 (b) the benefits to the applicant and the state resulting from the proposed facility;

26 (c) the effects of the economic activity resulting from the proposed facility;

27 (d) the effects of the proposed facility on the public health, welfare, and safety;

28 (e) any other factors that it considers relevant.

29 (3) Within 30 days after issuance of the report pursuant to 75-20-216 for a facility defined in
30 75-20-104(8)(c), the department shall approve a facility as proposed or as modified or an alternative to a

1 proposed facility if the department finds and determines:

2 (a) that the facility or alternative incorporates all reasonable, cost-effective mitigation of significant
3 environmental impacts; or

4 (b) that unmitigated impacts, including those that cannot be reasonably quantified or valued in monetary
5 terms, do not pose any threat of serious injury or damage to:

6 (i) the environment; or

7 (ii) the social and economic conditions of inhabitants of the affected area; or

8 (iii) the health, safety, or welfare of area inhabitants.

9 (4) For facilities defined in ~~77-20-104(8)~~ 75-20-104, if the department cannot make the findings required
10 in ~~75-20-304~~ this section, it shall deny the certificate."

11

12 **Section 123.** Section 76-6-109, MCA, is amended to read:

13 **"76-6-109. Powers of public bodies.** (1) A public body has the power to carry out the purposes and
14 provisions of this chapter, including the following powers in addition to others granted by this chapter:

15 (a) to borrow funds and make expenditures necessary to carry out the purposes of this chapter;

16 (b) to advance or accept advances of public funds;

17 (c) to apply for and accept and use grants and any other assistance from the federal government and
18 any other public or private sources, to give security as may be required, to enter into and carry out contracts or
19 agreements in connection with the assistance, and to include in any contract for assistance from the federal
20 government conditions imposed pursuant to federal laws as the public body may consider reasonable and
21 appropriate and that are not inconsistent with the purposes of this chapter;

22 (d) to make and execute contracts and other instruments necessary or convenient to the exercise of
23 its powers under this chapter;

24 (e) in connection with the real property acquired or designated for the purposes of this chapter, to
25 provide or to arrange or contract for the provision, construction, maintenance, operation, or repair by any person
26 or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities or
27 structures that may be necessary to the provision, preservation, maintenance, and management of the property
28 as open-space land;

29 (f) to insure or provide for the insurance of any real or personal property or operations of the public body
30 against any risks or hazards, including the power to pay premiums on the insurance;

1 (g) to demolish or dispose of any structures or facilities that may be detrimental to or inconsistent with
2 the use of real property as open-space land; and

3 (h) to exercise any of its functions and powers under this chapter jointly or cooperatively with public
4 bodies of one or more states, if they are authorized by state law, and with one or more public bodies of this state
5 and to enter into agreements for joint or cooperative action.

6 (2) For the purposes of this chapter, the state, ~~or~~ a city, town, or other municipality, or a county may:

7 (a) appropriate funds;

8 (b) subject to 15-10-420, levy taxes and assessments according to existing codes and statutes;

9 (c) issue and sell its general obligation bonds in the manner and within the limitations prescribed by the
10 applicable laws of the state, subject to subsection (3); and

11 (d) exercise its powers under this chapter through a board or commission or through the office or
12 officers that its governing body by resolution determines or as the governor determines in the case of the state.

13 (3) Property taxes levied to pay the principal and interest on general obligation bonds issued by a city,
14 town, other municipality, or county pursuant to this chapter may not be levied against the following property:

15 (a) agricultural land eligible for valuation, assessment, and taxation as agricultural land under 15-7-202;

16 (b) forest land as defined in 15-44-102;

17 (c) all agricultural improvements on agricultural land referred to in subsection (3)(a);

18 (d) all noncommercial improvements on forest land referred to in subsection (3)(b); and

19 (e) agricultural implements and equipment described in 15-6-138(1)(a); ~~and~~

20 ~~—— (f) livestock described in 15-6-136(1)(a)."~~

21

22 **Section 124.** Section 77-6-114, MCA, is amended to read:

23 **"77-6-114. Lessee responsible for assessments and taxes for weed control.** It ~~shall be~~ is the duty
24 of the board in leasing any agricultural state land to provide in ~~such the~~ the lease that the lessee of any agricultural
25 state lands so leased lying within the boundaries of any ~~noxious weed control management~~ noxious weed control management district shall assume
26 and pay all assessments and taxes levied by the board of county commissioners for ~~such any~~ any district on ~~such~~
27 those state lands, and ~~such the~~ the assessments and tax levy ~~shall~~ must be imposed on ~~such the~~ the lessee as a
28 personal property tax and ~~shall~~ must be collected by the county treasurer in the same manner as regular
29 personal property taxes are collected. All ~~such state~~ state lessees ~~shall be~~ of these state lands are required under the
30 terms of ~~such the~~ the lease to pay ~~such the~~ the assessment and tax levy at the same time and in the same manner as

1 other regular personal taxes are paid."

2

3 **Section 125.** Section 80-7-814, MCA, is amended to read:

4 **"80-7-814. Administration and expenditure of funds.** (1) (a) Except as provided in subsection (1)(b),
5 money deposited in the noxious weed management trust fund may not be committed or expended until the
6 principal reaches \$2.5 million, except in case of a noxious weed emergency as provided in 80-7-815. Once this
7 amount is accumulated, interest or revenue generated by the trust fund and by other funding measures provided
8 by this part must be deposited in the special revenue fund and may be expended for noxious weed management
9 projects in accordance with this section, as long as the principal of the trust fund remains at least \$2.5 million.

10 (b) Money deposited as principal in the trust fund from [former 80-7-822] may not be expended until the
11 principal of the trust fund reaches \$10 million. However, interest or revenue generated by the trust fund must
12 be deposited in the special revenue fund and may be expended for noxious weed management projects in
13 accordance with this section.

14 (2) The department may expend funds under this section through grants or contracts to communities,
15 weed ~~control~~ management districts, or other entities that it considers appropriate for noxious weed management
16 projects. A project is eligible to receive funds only if the county in which the project occurs has funded its own
17 weed management program with a levy in an amount not less than 1.6 mills or an equivalent amount from
18 another source or by an amount of not less than \$100,000 for first-class counties, as defined in 7-1-2111.

19 (3) The department may expend funds without the restrictions specified in subsection (2) for the
20 following:

21 (a) employment of a new and innovative noxious weed management project or the development,
22 implementation, or demonstration of any noxious weed management project that may be proposed,
23 implemented, or established by local, state, or national organizations, whether public or private. The
24 expenditures must be on a cost-share basis with the organizations.

25 (b) cost-share noxious weed management programs with local weed ~~control~~ management districts;

26 (c) special grants to local weed ~~control~~ management districts to eradicate or contain significant noxious
27 weeds newly introduced into the county. These grants may be issued without matching funds from the district.

28 (d) administrative expenses of the department for managing the noxious weed management program
29 and other provisions of this part. The cost of administering the program may not exceed 12% of the total program
30 expenses.

- 1 (e) administrative expenses incurred by the noxious weed management advisory council;
- 2 (f) a project recommended by the noxious weed management advisory council, if the department
- 3 determines that the project will significantly contribute to the management of noxious weeds within the state; and
- 4 (g) grants to the agricultural experiment station and the cooperative extension service for crop weed
- 5 management research, evaluation, and education.
- 6 (4) The agricultural experiment station and cooperative extension service shall submit annual reports
- 7 on current projects and future plans to the noxious weed management advisory council.
- 8 (5) In making expenditures under subsections (2) and (3), the department shall give preference to weed
- 9 ~~control~~ management districts and community groups.
- 10 (6) If the noxious weed management trust fund is terminated by law, the money in the fund must be
- 11 divided between all counties according to rules adopted by the department for that purpose."
- 12

13 **Section 126.** Section 80-8-120, MCA, is amended to read:

14 **"80-8-120. Local pesticide regulation.** (1) (a) A unit of local government may adopt an ordinance to

15 require a commercial applicator, as defined in 80-8-102{6}, to provide notification when applying a pesticide,

16 subject to the following provisions:

17 (i) The applicator shall post a sign or signs at the time of the pesticide application or provide notification

18 as provided for in subsection (1)(a)(v). The applicator, property owner, or property manager may not remove a

19 sign until the pesticide is dry or the reentry interval on the pesticide label has expired, whichever is later.

20 (ii) A sign must be:

- 21 (A) at least 4 inches in height and 5 inches in width; and
- 22 (B) made of weather-resistant material if used for outdoor application.

23 (iii) A sign must contain:

- 24 (A) the words "pesticide application"; and
- 25 (B) the telephone number of the applicator, property owner, or property manager who can supply further
- 26 information about the pesticide.

27 (iv) A sign must be posted:

- 28 (A) at a point clearly visible from each street or road frontage of the property so that the warning is
- 29 conspicuous from the public right-of-way;
- 30 (B) for an interior application, at each public access to the treated property with the front of the sign

- 1 facing the access;
- 2 (C) for a golf course, at a conspicuous place in the clubhouse or pro shop or at the first and tenth tees.
- 3 (v) Notification for an application by a mosquito control district or a weed ~~control~~ management district
- 4 must be provided in a local newspaper or on local radio or television stating that the property will be treated and
- 5 providing the telephone number of an individual who can supply further information on the pesticide applications.
- 6 Notification under this subsection (1)(a)(v) must be made annually in the spring and periodically during the
- 7 pesticide application season.
- 8 (vi) Posting or notification is not required for the following:
- 9 (A) a spot treatment of an area that is less than 100 square feet;
- 10 (B) an applicator subject to the environmental protection agency's worker protection standards as
- 11 published in 40 CFR, part 156, subpart K, and 40 CFR, part 170;
- 12 (C) an application on land classified as agricultural land or forest land for taxation purposes;
- 13 (D) an application on an irrigation conveyance facility or land or on an irrigation ditch easement or
- 14 right-of-way;
- 15 (E) an application of a pesticide that is a minimum risk pesticide as published by the environmental
- 16 protection agency in 40 CFR 152.25(g)(1) or a sanitizer, a disinfectant, or a microbial registered with the
- 17 environmental protection agency;
- 18 (F) an application on a railroad facility or right-of-way;
- 19 (G) an application on a public utility facility or right-of-way.
- 20 (b) A unit of local government that adopts a notification ordinance pursuant to this section shall:
- 21 (i) notify the department that it is adopting the ordinance on pesticide notification as provided in this
- 22 section and provide the department a final copy for the department's register provided for in subsection (4); and
- 23 (ii) fund the costs, including but not limited to:
- 24 (A) educating its citizens of the ordinance's requirements;
- 25 (B) compensating personnel to enforce the ordinance; and
- 26 (C) prosecution of a violation of the ordinance.
- 27 (c) A unit of local government may not adopt a notification ordinance under this section that imposes
- 28 additional fee requirements on a commercial applicator.
- 29 (2) The department may enter into a cooperative agreement with a unit of local government for the
- 30 administration and enforcement of local rules adopted under 80-8-105(3)(a).

1 (3) Except as provided in subsections (1) and (2), a unit of local government may not regulate or prohibit
 2 the registration, labeling, distribution, use, or sale of pesticides or enact notification provisions more stringent
 3 than those provided for in subsections (1) and (2). It is not the intent of this subsection to prevent local
 4 responsibilities for zoning, fire codes, or disposal of pesticides pursuant to Title 75, chapter 10, part 4.

5 (4) The department shall maintain and, upon request, distribute a register of ordinances adopted by
 6 local governing bodies pursuant to subsection (1)."

7

8 **Section 127.** Section 81-6-105, MCA, is amended to read:

9 **"81-6-105. Special livestock deputy -- duties -- compensation.** The county livestock protective
 10 committee may recommend to the board of county commissioners the appointment of a special livestock deputy,
 11 satisfactory to the department and the sheriff, whose duties are to assist the department and the sheriff in the
 12 enforcement of hide and brand inspection laws, laws governing the movement and sale of livestock and the
 13 treatment and prevention of livestock diseases, laws pertaining to the apprehension of livestock rustlers and the
 14 prevention of rustling, and other laws ~~which that~~ are of particular concern to the livestock industry of the county,
 15 particularly ~~as regards~~ with regard to cattle. The special livestock deputy may receive a commission from the
 16 department and appointment as a deputy from the sheriff of the county and shall give the same bond for the
 17 faithful performance of ~~his~~ the duties as the bond required from officers performing similar duties. The special
 18 livestock deputy ~~shall~~ must receive compensation for ~~his~~ services and for mileage traveled in the performance
 19 of ~~his~~ the special livestock deputy's duties in an amount set by the board of county commissioners on the
 20 recommendation of the committee, to be paid from the ~~stockmen's~~ livestock special deputy fund and from the
 21 county general fund in the proportions set by the board of county commissioners."

22

23 **Section 128.** Section 85-20-1004, MCA, is amended to read:

24 **"85-20-1004. Mitigation account.** (1) ~~An expendable~~ A private purpose trust account, called the
 25 mitigation account, is established, as provided for in 17-2-102, for deposit of funds and interest on funds
 26 appropriated by the state for mitigation measures required by Article VI of the compact.

27 (2) On approval of a final decree pursuant to Article VII of the compact, the funds and interest on funds
 28 in the mitigation account must be made available to the United States bureau of reclamation to cover the state's
 29 cost-share for construction of mitigation measures chosen on completion of a feasibility study and appropriate
 30 state and federal environmental review by the bureau of reclamation and on consideration of the economic

1 development plan authorized by 85-20-1008."

2

3 **Section 129.** Section 85-20-1005, MCA, is amended to read:

4 **"85-20-1005. Watershed improvement trusts.** (1) A ~~nonexpendable trust~~ permanent fund account,
5 called the state Milk River watershed improvement trust, is established, as provided for in 17-2-102, for deposit
6 of funds appropriated pursuant to the compact for a permanent trust. Interest income may be used by the Milk
7 River coordinating committee established pursuant to the compact for the purpose of allocating grants and loans.

8 (2) A ~~nonexpendable trust~~ permanent fund account, called the federal Milk River watershed
9 improvement trust, is established, as provided for in 17-2-102, for receipt of federal funds appropriated for a
10 permanent trust. Interest income may be used by the Milk River coordinating committee established pursuant
11 to the compact for the purpose of allocating grants and loans.

12 (3) The state and federal Milk River watershed improvement trusts must be collectively referred to as
13 the Milk River watershed improvement trusts."

14

15 **Section 130.** Section 85-20-1007, MCA, is amended to read:

16 **"85-20-1007. Peoples Creek minimum flow account.** (1) ~~An expendable~~ A private purpose trust
17 account, called the Peoples Creek minimum flow account, is established, as provided for in 17-2-102, for deposit
18 of funds and interest on funds appropriated by the state for efficiency improvements and bypass structures for
19 irrigation upstream from the Fort Belknap Reservation in the Peoples Creek Basin 40I and for a reservoir on the
20 Reservation for the purpose of improving minimum stream flow.

21 (2) On approval of a final decree pursuant to Article VII of the compact, the funds and interest on funds
22 in the Peoples Creek minimum flow account must be made available to the water users and the tribes to cover
23 the cost of construction of improvements as agreed to in the state and federal cost-share negotiations."

24

25 **Section 131.** Section 87-1-209, MCA, is amended to read:

26 **"87-1-209. Acquisition and sale of lands or waters.** (1) The department, with the consent of the
27 commission and, in the case of land acquisition involving more than 100 acres or \$100,000 in value, the
28 approval of the board of land commissioners, may acquire by purchase, lease, agreement, gift, or devise and
29 may acquire easements upon lands or waters for the purposes listed in this subsection. The department may
30 develop, operate, and maintain acquired lands or waters:

- 1 (a) for fish hatcheries; ~~or nursery ponds, or alternative livestock ranches;~~
- 2 (b) as lands or water suitable for game, bird, fish, or fur-bearing animal restoration, propagation, or
3 protection;
- 4 (c) for public hunting, fishing, or trapping areas;
- 5 (d) to capture, propagate, transport, buy, sell, or exchange any game, birds, fish, fish eggs, or
6 fur-bearing animals needed for propagation or stocking purposes or to exercise control measures of undesirable
7 species;
- 8 (e) for state parks and outdoor recreation;
- 9 (f) to extend and consolidate by exchange, lands or waters suitable for these purposes.
- 10 (2) The department, with the consent of the commission, may acquire by condemnation, as provided
11 in Title 70, chapter 30, lands or structures for the preservation of historical or archaeological sites that are
12 threatened with destruction or alteration.
- 13 (3) (a) The department, with the consent of the commission, may dispose of lands and water rights
14 acquired by it on those terms after public notice as required by subsection (3)(b), without regard to other laws
15 that provide for sale or disposal of state lands and with or without reservation, as it considers necessary and
16 advisable. The department, with the consent of the commission, may convey department lands and water rights
17 for full market value to other governmental entities without regard to the requirements of subsection (3)(b) or
18 (3)(c) if the land is less than 10 acres or if the full market value of the interest to be conveyed is less than
19 \$20,000. When the department conveys land or water rights to another governmental entity pursuant to this
20 subsection, the department, in addition to giving notice pursuant to subsection (3)(b), shall give notice by mail
21 to the landowners whose property adjoins the department property being conveyed.
- 22 (b) Notice of sale describing the lands or waters to be disposed of must be published once a week for
23 3 successive weeks in a newspaper with general circulation printed and published in the county where the lands
24 or waters are situated or, if a newspaper is not published in that county, then in any newspaper with general
25 circulation in that county.
- 26 (c) The notice must advertise for cash bids to be presented to the director within 60 days from the date
27 of the first publication. Each bid must be accompanied by a cashier's check or cash deposit in an amount equal
28 to 10% of the amount bid. The highest bid must be accepted upon payment of the balance due within 10 days
29 after mailing notice by certified mail to the highest bidder. If that bidder defaults on payment of the balance due,
30 then the next highest bidders must be similarly notified in succession until a sale is completed. Deposits must

1 be returned to the unsuccessful bidders except bidders defaulting after notification.

2 (d) The department shall reserve the right to reject any bids that do not equal or exceed the full market
3 value of the lands and waters as determined by the department. If the department does not receive a bid that
4 equals or exceeds fair market value, it may then sell the lands or water rights at private sale. The price accepted
5 on any private sale must exceed the highest bid rejected in the bid process.

6 (4) The department shall convey lands and water rights without covenants of warranty by deed executed
7 by the governor or in the governor's absence or disability by the lieutenant governor, attested by the secretary
8 of state and further countersigned by the director.

9 (5) The department, with the consent of the commission, is authorized to utilize the installment contract
10 method to facilitate the acquisition of wildlife management areas in which game and nongame fur-bearing
11 animals and game and nongame birds may breed and replenish and areas that provide access to fishing sites
12 for the public. The total cost of installment contracts may not exceed the cost of purchases authorized by the
13 department and appropriated by the legislature.

14 (6) The department is authorized to enter into leases of land under its control in exchange for services
15 to be provided by the lessee on the leased land."

16

17 **Section 132.** Section 87-1-221, MCA, is amended to read:

18 **"87-1-221. Acquisition, importation, and propagation of fish and game -- waterfowl food.** The
19 department may:

20 (1) acquire by gift, purchase, capture, or otherwise any fish, game, game birds, or animals for
21 propagation, experimental, or scientific purposes;

22 (2) provide for the importation of game birds and game and fur-bearing animals and for the protection,
23 propagation, and distribution of imported or native birds and animals;

24 (3) use fish and game funds necessary for the construction, maintenance, operation, upkeep, and repair
25 of fish hatcheries, ~~alternative livestock ranches,~~ or other property or means and appliances for the protection
26 and propagation of fish, game and fur-bearing animals, or game or nongame birds;

27 (4) appropriate money from the funds at its disposal for the extermination or eradication of predatory
28 animals that destroy fish, game or fur-bearing animals, or game or nongame birds;

29 (5) spend fish and game funds necessary to introduce and propagate wild waterfowl food and for that
30 purpose may secure expert advice as to what kinds of waterfowl foods are adapted to the climate, soil, and

1 waters of this state."

2

3 **Section 133.** Section 90-6-127, MCA, is amended to read:

4 **"90-6-127. Allocation of state limit.** (1) All of the aggregate amount of qualified mortgage bonds that
5 may be issued during any calendar year in accordance with section 146 of the Internal Revenue Code, ~~of 1954~~
6 ~~(26 U.S.C. 146)~~, as amended, is allocated to the board of housing.

7 (2) The board of housing may adopt standards for determining and may designate areas of chronic
8 economic distress within the meaning of section 143(j)(3) of the Internal Revenue Code, ~~of 1954~~ ~~(26 U.S.C.~~
9 ~~143(j)(3))~~, as amended."

10

11 **Section 134.** Section 90-6-715, MCA, is amended to read:

12 **"90-6-715. (Temporary) Special revenue account -- use.** (1) The treasure state endowment regional
13 water system special revenue account may be used to provide matching funds to plan and construct regional
14 drinking water systems in Montana. Each state dollar must be matched equally by local funds. Federal and state
15 grants may not be used as a local match.

16 (2) Up to 25% of the local matching funds required under subsection (1) for the treasure state
17 endowment regional water system may be in the form of debt that was incurred by local government entities
18 included in the regional water system to construct individual drinking water systems before the individual
19 systems were connected to the regional system. However, the amount of an individual entity's debt that may be
20 used for matching funds is limited to the amount necessary to allow the entity to maintain its water service
21 charges below the hardship standard established by the department through administrative rules adopted under
22 90-6-710~~(4)~~.

23 (3) The funds in the account are further restricted to be used to finance regional drinking water systems
24 that supply water to large geographical areas and serve multiple local governments, such as projects in north
25 central Montana, from the waters of the Tiber reservoir, that will provide water for domestic use, industrial use,
26 and stockwater for communities and rural residences that lie south of the Canadian border, west of Havre, north
27 of Dutton, and east of Cut Bank and in northeastern Montana, from the waters of the Missouri River, that will
28 provide water for domestic use, industrial use, and stockwater for communities and rural residences that lie
29 south of the Canadian border, west of the North Dakota border, north of the Missouri River, and east of range
30 39.

1 (4) The funds must be administered by the department of commerce for eligible projects. (Terminates
2 June 30, 2016--sec. 1, Ch. 70, L. 2001.)"

3
4 **Section 135.** Section 17, Chapter 414, Laws of 2001, is amended to read:
5 "**Section 17. Termination.** (1) [Sections 1 through 6, ~~and 8,~~ through 10, and 11] terminate December 31, 2006.
6 (2) [Section 9] terminates June 30, 2005."

7
8 **Section 136.** Section 5, Chapter 522, Laws of 2001, is amended to read:
9 "**Section 5. Termination --contingent termination.** ~~(1) Except as provided in subsection (2), [this act] [This~~
10 act] terminates October 1, 2005.

11 ~~(2) If the office of surface mining of the United States department of the interior disapproves the~~
12 ~~changes to Montana's program that are provided in [this act], then [this act] terminates 60 days after the~~
13 ~~department of environmental quality receives notification of that disapproval. The department of environmental~~
14 ~~quality shall provide a copy of the document that disapproves the changes to Montana's program to the Montana~~
15 ~~code commissioner."~~

16
17 NEW SECTION. **Section 137. Repealer.** Sections 5-18-107, 46-23-1033, 50-4-312, and 53-2-303,
18 MCA, are repealed.

19
20 NEW SECTION. **Section 138. Instructions to code commissioner.** The code commissioner is
21 instructed to implement 1-11-101(2)(g)(ii) by correcting any clearly inaccurate references to other sections of
22 the Montana Code Annotated contained in material enacted by the 58th legislature.

23 - END -